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NEWS SUMMARY

GENERAL

Soames plea for ZANU rebels

Robert Mugabe, leader of the Zimbabwe African National Union, is expected to return to Rhodesia on Sunday after an appeal by the country's British Governor, Lord Soames, to President Machel of Mozambique to secure the release of 71 disident ZANU members.

It was feared that the British Administration would not allow Mr. Mugabe to return until the detainees were freed in accordance with the Lancaster House agreement. The absence of Mr. Mugabe would have been a major blow to the credibility of next month's elections.

Some of the detainees are expected to be released, clearing the way for Mr. Mugabe's return to Rhodesia after five years of self-imposed exile. Beit Bridge troops monitored, Page 4

Teachers get 7½%

An interim pay rise of 7.5 per cent was agreed last night for 482,000 teachers in England and Wales. It is on top of 9.3 per cent they received for their 1979-80 claim of 38.7 per cent, with additional money to come when the Clegg Commission on pay compararbility produces its report on teachers' earnings. Earlier story, Page 9

Mass sacrifice

Devout Iranian Moslems sacri ficed between 2,000 and 3,000 sheep and cattle in the holy city of Qom in a supplication for the health of ther evolutionary leader, Ayatollah Khomeini, who is suffering from a heart ailment. Revolutionary guards in the city of Yazd were also reported to have beheaded two camels as a sacrifice. Power battle, Page 3

Envoy expelled

New Zealand Government expelled the Soviet ambassador in Wellington, Vselvolod Sofinsky, after evidence that he was involved in the transfer of Soviet money to the New Bealand Socialist Unity Party.

Open verdict

A London coroner recorded an open verdict on Olive St. Barbe, the 93-year-old woman who married male nurse, Wallace Davey, 48, eight weeks before she died. The coroner said: "She was living in what I can only describe as a world of deception."

Peru inquiry

Peruvian Government is opening a criminal inquiry into "those responsible" for selling 13m oz of silver short in October, which caused losses of between $70m and $100m.

Missing notes

Seychelles banknotes worth £1.2m have disappeared from the Greek-owned freighter Aeolian Sky, which sank 12 miles off Portland Bill in November. A salvage company said it did not think pirate divers had taken the notes.
Men and Matters, Page 16

Tito meeting

President Tito of Yugoslavia saw Vice-President Lazar Kolisevski in his first political meeting since the amputation of his left leg on Sunday.

NEI head killed

Sir James Woodeson, chairman of Northern Engineering Industries, died in a car crash on Wednesday night. Back Page; Obituary, Page 6

Briefly . . .

Japanese Defence Agency plans to take disciplinary action against about 40 civilian and military officials after the discovery of a Soviet spy ring in its headquarters.

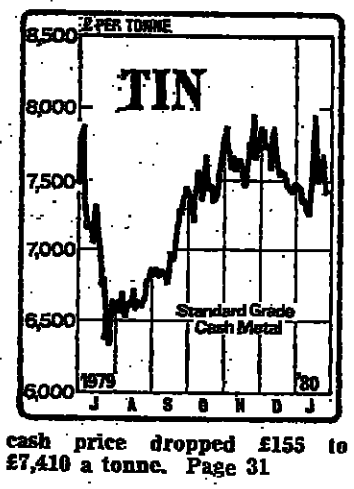
British girl hitch-hiker Patricia Grihault, 21, was killed when the lorry in which she was travelling was crushed by an avalanche near the Mt. Blanc tunnel in Italy.

BUSINESS

Gold up $5; Sterling eases

● GOLD rose $5 in London to close at $705.

● TIN fel lfor the third day in London and the standard grade



cash price dropped £155 to £7,410 a tonne. Page 31

● STERLING was steady, but weakened late to close 5 points down at $2.2785. Its trade-weighted index, however, rose to 72.1 (71.8). DOLLAR traded in a narrow range and its index was 84.7 (84.6).

● GILTS fell sharply after the long tap issue was exhausted with falls of up to 1¼ in longs and ¼ in shorts, and the Government Securities index closed 0.68 off at 68.25.

● EQUITIES ended on a dull note and the FT 30-share index closed 2.1 down at 448.7.

● WALL STREET was up 4.60 at 882.16 just before the close.

● LABOUR intends to press for tougher measures against insider dealings at the report stage of the Companies Bill late next month. Page 8

● EUROPEAN Council of Chemical Manufacturers admitted that it had over-reacted to the activities of Eastern bloc chemical companies after disclosing a £1.8bn surplus in business with Communist countries. Page 5

● REDIFON Simulation of Crawley won a £25m contract to supply Boeing of the U.S. with flight simulators. Page 8

● OPEC members which have shown little interest in acquiring yen-dominated assets since the start of the second oil crisis may now change their attitude, according to some Japanese analysts. Page 23

ENERGY

● ALGERIA is seeking to double the price of some of its natural gas export contracts in a bid to revalue the fuel in line with crude oil. Back Page

● GOVERNMENT approved the £790m development of the southern part of the Brae oilfield in the North Sea about 150 miles north-east of Aberdeen. Page 6

● CHINA'S Foreign Trade Minister indicated to Japanese officials that difficulties in raising oil production could limit crude exports to Japan. Page 5

COMPANIES

● CONSORTIUM led by Aston Martin submitted to BL its formal detailed offer for the MG sports car business. Back Page

● RANK Organisation raised pre-tax profits for the year from a restated £121.93m to a record £131.19m on turnover of £537.83m (£485.1m). Page 18 and Lex, Back Page

● DAVY Corporation, the international engineering and contracting group, reports first half pre-tax profits down from £8.52m to £4.56m. Page 18 and Lex, Back Page

● INCHCAPE, the international merchant, lifted first half pre-tax profits from £23m to £31.16m. Page 18 and Lex, Back Page

UK will spend up to £5bn on replacing Polaris

BY IVOR OWEN

PLANS TO strengthen Britain's nuclear weapons were spelt out by Mr. Fracis Pym, the Defence Secretary, in the Commons last night as Britain joined the U.S. in underlining the need for improved military preparedness in the face of the Soviet Union's invasion of Afghanistan.

He told the first major Commons debate on nuclear weapons for 15 years that the Royal Navy's four Polaris nuclear submarines will be equipped with a significantly strengthened weapons system capable of penetrating the latest Russian anti-ballistic missile defences. The Government was also prepared to spend £4bn-£5bn over 10-15 years to acquire a new generation of nuclear submarines and weapons — widely assumed to be U.S. Trident missiles.

This would be intended to ensure the UK remained a strategic nuclear power well into the next century.

The latest Soviet anti-ballistic missiles defend Moscow, which is assumed to be among the targets at which the UK strategic strike force is aimed.

Mr. Pym said the acquisition of any new system would be unlikely to absorb much more than 5 per cent of the defence budget. "Even .5 per cent of the budget, if it were that, would be much lower than the proportion reached during the build up of the V-Bomber force in the 1950s."

To the obvious surprise of some members of the Opposition front bench, he revealed that a £1bn secret development programme code-named Chevaline—started by the Heath administration, continued by the last Labour government and now nearing completion — would enable the Polaris force to remain fully effective for at least another decade.

Mr. Pym emphasised that by invading Afghanistan the Soviet Union had demonstrated that it was willing to wield its power in a way which showed scant regard for the rest of the world's concept of peace, freedom and justice.

He said Britain's continued possession of an independent deterrent was of major significance because it meant the Soviet Union knew that a nuclear response to any aggression against Western Europe would not be dependent on a singel decision taken on the

Continued on Back Page
Parliament, Page 12

SOVIET CONTACTS CURTAILED

Ministerial contacts between the UK and the Soviet Union are to be curtailed, many cultural exchanges abandoned, and preferential trade credit agreements ended, Lord Carrington told Parliament. Back Page and Page 12. Condemnation from inside Russia of the invasion of Afghanistan has come from dissidents, including the exiled Dr. Andrei Sakharov. Page 2

President Carter moved to generate support from friends and allies for his tough policy to counter Soviet expansionism outlined in his State of the Union message on Wednesday. The House of Representatives voted overwhelmingly for th eOlympic Games to be removed from Moscow, and the Defence Department announced that the U.S. was prepared to sell China items of support equipment suitable for military use. Back and Page 4; Editorial comment Page 16; Limits to Detente Page 17

IBA to consider plans for breakfast television

BY ARTHUR SANDLES

BREAKFAST television is a possibility under Independent Broadcasting Authority plans for commercial television.

The IBA is offering 15 six-year IT Vcontracts to run from 1982 and has said it is prepared to listen to plans for morning television.

No spectacular changes have been made to the IBA system but companies have been told that rental payments to the IBA are to go up by more than 50 per cent in some instances.

Lady Plowden, chairman of tthe IBA, said yesterday: "The price of entering the race is much higher than ever before and the rewards are likely to be less in the short term at least."

In the Midlands, ATV will have to bid for an area which is being divided into two. This will involve the building of new studios.

A similar demand faces Southern, which will bid for an area taking in most of Kent.

Apart from this, the IBA has left the giant London week-day contract, held by Thames, largely alone, although the weekend company, London Weekend Television, will get a two-hour earlier start on Friday nights.

The Scottish Borders area is to get 50,000 Lake District viewers and the Manchester-based ocntractor, Granada, is to lose some viewers to Yorkshire.

Publication of the IBA proposals gives the green light for dozens o fconsortia to canvass actively for support. The IBA has, however, turned its back on proposals for "rolling contracts," which might have meant effective permanent franchise appointments.

As far as the new dual regions are concerned, the IBA says: "There will be separte studio centres for each part of the region, and it is intended that the contractors' board structure should represent the dual nature of the franchise area.

"The arrangements are designed to produce the benefits that come from increased attention to regional affairs without the full financial burden that separate franchises would impose on the areas and on the system as a whole."

The authority says it became apparent last year that there were many who believed a breakfast television service, consisting primarily of news information and current affairs, would inject a new element into ITV.

As a result it is "prepared to consider applications from those interested in providing such a service on a nationwide basis. The service would need to be self-financing and to pay the authority a realistic rental."

The rental would probably be at least £500,000 a year. The IBA is not committing itself to such a contract yet, nor is it saying that it will start with the other contracts in 1982.

Changing the television map of Britain, Page 8

Turkey devalues lira by third

BY DAVID TONGE

TURKEY DEVALUED the lira against the U.S. dollar by one-third yesterday and announced the first of its long-awaited measures to tackle the country's economic crisis.

The new value of the dollar is TL 70 compared to TL 47.1. There will be one major exception to the new exchange rate—payments for imports of fertilisers and insecticides will be made at the rate of TL 55 per dollar. Previously, oil imports and agricultural exports had also been subject to a different exchange rate.

Consumer prices have been rising at an annual rate of 70 per cent. Unemployment exceeds 20 per cent. The desperate lack of foreign exchange has led to shortages of fuel.

The West now expects that Turkey will need a further major aid package similar to the $906m pledged by members of the Organisation for Economic Co-operation and Development in Paris last May.

Yesterday's measures are aimed at reviving thte economy, raising foreign exchange earnings, fighting inflation, eliminating shortages of goods, and accelerating production and investment. The Turkish Government has previously indicated that the long-anticipated devaluation would be part of a major package. Other measures are expected to include increases in the prices of state-controlled goods, such as petrol and sugar.

The change of government in November has delayed the measures which Turkey was required to take before it could draw the second instalment of its 250m Special Drawing Rights (£142m) stand-by agreement with the International Monetary Fund. This drawing was due on November 22. The delay has affected Turkey's credit standing with the banks involved in restructuring the country's debt last year in the biggest operation of its kind in financial history.

Western governments say that they see the Turkish economic package as the first stage of a four-stage process. The next stage would be the Board of the IMF agreeing to allow the second drawing from the stand-by agreement. This would be followed by Turkey presenting a coherent economic programme and specific requests to the OECD or to individual governments. The final stage would involve special pledging of funds to Turkey.

While all this will take time, political violence in Turkey continues. Yesterday a Left-wing group set fire to five banks in Istanbul.

New long Gilts sale hits brokers

By Peter Riddell, Economics Correspondent

THE £1BN new long-dated gilt-edged stock was quickly sold out yesterday morning. But several stockbrokers appear to have misjudged the balance of supply and demand.

The resulting indigestion led to sharp price falls and sizeable losses for some brokers.

The sell-out of the stock—12¼ per cent Treasury 2003-05 — means that the Bank of England has tied up funding of nearly £2.5bn in the last fortnight.

The calls on these sales are spread over the next two months and mean that the Government has financed most, if not all, of its borrowing in the current financial year.

The problems for some stockbrokers arose because of a miscalculation of the amount of stock left with the Government Broker after the offer on Wednesday and this affected their applications to him yesterday. Consequently, some brokers were left with far more stock than they wanted when the stock was sold out at £26 compared with its £25 partly-paid issue price.

The difference, probably about £5m, goes via the Bank's issue department to the Treasury.

Some institutional clients were reluctant to pay this price or take-up the full amount allotted. So some large brokers were forced to sell. This led to a more general shake-out and the new stock slipped from a peak of £26¼ to a closing low of £24½.

The losers were the brokers who were forced to sell stock in these circumstances. The immediate gainers were those who subscribed on Wednesday (including, it is believed certain leading jobbers) and sold at yesterday's peak.

The Government Broker may also have sold about £100m of the short-dated issue—£800m of 13¼ per cent Exchequer 1983—at a premium of £¼ over the £60 partly paid issue price. This stock closed at £59¼.

The sell-out of the long-dated stock will further aggravate existing shortages of liquidity in the money market. Although the large seasonal payments of tax should begin to tail off in the next week or two, pressures will be maintained as a result of further large calls

Continued on Back Page

£ in New York

—	Jan 25	Previous
Spot	$2.2780-2795	$2.2765-2775
1 mth	0.85-0.80 dis	0.88-0.83 dis
3 mths	1.64-1.59 dis	— dis
12 mths	3.55-3.40 dis	3.53-3.43 dis

ISTC AND BLASTFURNACEMEN REFUSE TO GO

Nine steel unions agree to negotiate

BY CHRISTIAN TYLER, LABOUR EDITOR

THE FIRST significant movement in the three-week steel strike came yesterday when leaders of seven craft and two general unions representing 70,000 workers in the steel industry agreed to resume negotiations with the British Steel Corporation on Sunday.

But their decision was taken without the agreement of the dominant unions—the Iron and Steel Trades Confederation or the National Union of Blastfurnacemen who between them represent 100,000 workers.

These two unions refused to go to the Advisory, Conciliation and Arbitration Service for exploratory talks yesterday on the grounds that the BSC had not taken enough steps to improve its pay offer.

Leaders of the ISTC and NUB were last night deciding whether to reject the formal notice of ne wnegotiations in spite of the other unions' decision.

Before news of the Sunday meeting came through, they had confirmed their decision to call out some 20,000 members in private steel companies on sympathetic strike from Sunday morning.

Some of the larger private companies tried to stop this widening of the action by applying for a High Court injunction, thus involving the courts for the first time in the dispute.

Sixteen companies issued a writ yesterday seeking damages and four injunctions to stop the strike and picketing. Their application is expected to be heard by a Queen's Bench division judge in private today.

The British Indenpedent Steel Producers Association said the ISTC's action was politically motivated and not immune from the law.

John Elliott writes: The Confederation of British Industry has decided to adopt a low key approach to the steel strike, even though its members risk problems in a few weeks' time as stocks run out.

This emerged last night after the CBI's regional chairmen and monthly council were addressed by Sir Charles Villiers, BSC chairman, Mr. Bob Scholey, chief executive, and Mr. Gordon Sambrook, commercial director, on the corporation's policies and on the prospects for resumed steel supplies once the stoppage ends.

Sir John Methven, CBI director general, said later: "There is the problem from here on in of people not having the necessary widget."

But such possible shortages of supplies were not leading the CBI to put any pressure on either the corporation or the Government to settle the dispute which was at a "particularly delicate stage."

● The attempt to disrupt oil production in the North Sea spread yesterday from Aberdeen to the ports of Montrose and Dundee, which are used by oil field supply boats. Dockers at both ports agreed to black the shipment of pipes and other steel goods to North Sea oil rigs.

Picket leaders will today also visit Peterhead oil supply base and Fraserburgh. Aberdeen dockers have already pledged to black offshore steel.

Strike effects, Page 9
Politics Today, Page 16

Corby seeks £50m EEC development aid

BY GILES MERRITT IN BRUSSELS

PROPOSALS INVOLVING up to £50m worth of aid from the EEC's regional and social fund for the stricken steel-making town of Corby, Northants., are to be raised at the European Commission today by Corby industrial development experts and BSC executives.

Corby's steel complex, with the exception of its tube works, is due to close in two months. Infrastructured development is necessary to provide local employment for BSC's 5,500 redundant workers.

It is not certain that the British Government would contribute an amount equal to aid the EEC might provide.

More than 150 UK companies have applied to invest in Corby. But BSC Industries, the corporation's job-creation unit, says Corby's re-development depends on provision of new road links and other basic amenities, for which total costs of £50m-£100m have been suggested.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Appleyard	79	+ 5
Burt Boulton	210	+ 20
Cowan de Groot	64	+ 4
Dowty	174	+ 10
Ferguson Ind.	80	+ 6
Kershaw	£13½	+ 2¼
Ladbroke	148	+ 6
Lovell (Y. J.)	106	+ 6
Man. Agcy. & Music	123	+ 7
Nat. Carbonising	124	+ 6
Neepsend	45	+ 5
Rank Organisation	208	+ 20
Sothebys	485	+ 10
Stocks (J.)	90	+ 6
Unitech	238	+ 12
United Scientific	426	+ 14
Siebens (UK)	614	+ 34
Inch Ken. Kajang	236	+ 10
Broken Hill South	255	+ 45
CRA	274	+ 16
Grootvlei	355	+ 34
Loraine	329	+ 47
MIM	294	+ 14
Marievale	180	+ 30
North Kalgurli	52	+ 6
Otter Exploration	54	+ 6
Randfontein Estates	£29¼	+ 1¼
South African Land	318	+ 32
Venterspost	625	+ 53
Vlakfontein	132	+ 22
Western Mining	232	+ 20
FALLS:		
Treasury 9½% 1983	£86¼	— ¼
Treasury 14% '98-01	£101	— 1¼
Allied Breweries	76½	— 2½
Davy Corporation	90	— 16
Grattan Warehouses	109	— 6
Lucas Inds.	248	— 6
Macarthys Pharm.	107	— 6
Michael (J.)	24	— 6
Muirhead	215	— 15

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Sakharov adds his voice to invasion protest

BY DAVID SATTER IN MOSCOW

DR. ANDREI SAKHAROV, the exiled Nobel Peace Prize winner, yesterday joined other Soviet dissidents in denouncing the Soviet invasion of Afghanistan. A statement issued by them said that a nation which does not respect "basic individual rights" poses a threat to all mankind.

Dr. Sakharov, who was arrested and sent into indefinite exile in the closed city of Gorky on Tuesday, is reported to have telphoned friends in Moscow from the city and told them to issue the statement which had been prepared by the committee which sought to monitor Soviet observance of the Helsinki Accords.

The statement was signed by Dr. Sakharov's wife, Yelena Bonner, a leading member of the Helsinki group, who went to Gorki with him; Sophia Kalistratova, a retired lawyer; Ivan Kovalyov, the son of an imprisoned physicist; and Malva Landa, another member of the group.

Dr. Sakharov, who has been closely associated with the Helsinki group but is not a member, added his signature, and four other persons also signed including the writer, Georgy Vladimov.

The statement, which in the present atmosphere represents a direct challenge to the authorities, said that the absence of basic human rights or truthful information in the Soviet Union gives the Soviet leadership the ability to "take decisions affecting not just the future of our country but of all humanity without any form of control."

In a separate appeal, 18 friends and associates of Dr. Sakharov protested against his banishment for an undetermined period. "Andrei Sakharov is the pride of his country and its people, a humanist and a scientist," their statement said.

Soviet Minister told of French disapproval

By Our Paris Staff

FRANCE EXPRESSED yesterday its disapproval of the Soviet intervention in Afghanistan and the arrest of Dr. Andrei Sakharov in talks between M. Jean Francois-Poncet, the French Foreign Minister, and Mr. Georgi Kornienko, the Soviet Deputy Foreign Minister.

The meeting was held under an agreement that the two countries would consult each other in situations deemed to threaten world peace. It took place only a day after the premature return from Moscow of M. Jacques Chaban-Delmas, president of the French National Assembly, who cut short his visit in protest against Dr. Sakharov's arrest

Though strongly critical, the French Government has made it clear that it does not want to jeopardise East-West detente by hasty measures

At the same time, it emphasised that French support for detente is not "unconditional."

Berlinguer and Carrillo hold strategy talks

By Robert Graham in Madrid

THE FUTURE strategy of Eurocommunism is expected to be discussed in detail today when Sr. Santiago Carrillo, the Spanish Communist leader, meets Sig. Enrico Berlinguer, his Italian counterpart, in Rome.

The Spanish party has strongly condemned the Soviet invasion of Afghanistan, closely reflecting the attitude of the Italian party. The Spaniards have also attacked the banishment of Dr. Andrei Sakharov.

The main concern of the Spanish party is to work out a common strategy and to minimise the consequences of deteriorating East-West relations on its domestic political position.

Sr. Carrillo is also concerned that the health of President Josip Broz Tito of Yugoslavia declining could reinforce the retrenchment of the East and the West into very separate blocs.

Burden of oil imports grows for E. Germans

By Leslie Colitt in Berlin

EAST GERMANY, which had to cover a price increase of 17 per cent for Soviet oil last year, is gaining a breathing space due to the rise of only 4 per cent for the 19m tonnes of oil it will import from the Soviet Union this year.

But although the East Germans are being charged 66 roubles ($101) a tonne (60 per cent of the current international price of $24 per barrel), East German industry is running flat out to pay back Soviet credits for oil, natural gas, and coal.

The two countries signed their trade agreement for 1980 this week, and an analysis by two West German economists reveals the growing problems faced by East Germany.

Dr. Jochen Bethkenhagen and Dr. Horst Lambrecht, of the German Institute of Economic Research in West Berlin, noted that this is the last year East Germany is to receive a larger amount of Soviet oil, an added 0.5m tonnes. Imports of most other Soviet products will remain static because of the widening trade deficit caused by energy imports.

Between 1975 and 1979 East Germany ran up a deficit of Rbs.1.5bn ($2.5bn)—equivalent to 40 per cent of the value of its exports to the Soviet Union last year. The gap is believed to have widened last year because of the jump in oil prices which are calculated in Comecon on a sliding five-year average.

Paul Lendvai reports from Vienna: The Soviet Union will not increase oil and gas shipments to Czechoslovakia during the coming five-year plan period 1981-1985, the Czechoslovak news agency has announced. It said this meant that two-thirds of the projected increase in fuel consumption must be met from domestic resources.

The statement makes clear that Czechoslovak efforts to save the $2.5bn agreement signed with Iran in 1976 have failed to to achieve results. Under the agreement, Iran would have supplied some 17bn cubic metres of gas to the Soviet Union which in turn would have delivered an equivalent of gas to Czechoslovakia, West Germany, Austria and France.

It is now evident that the Soviet Union is only willing to carry out its contractual obligation under the current five-year plan.

Why gold prices make remonetisers uneasy

BY DAVID MARSH

FOR THE Finance Ministers from the Big Five industrial countries meeting near Frankfurt last weekend, the dollar's rema:·table steadiness was some consolation in the face of unprecedented turbulence on the gold market.

Indeed, some central bankers claim that the events of the last few weeks show that the gold/dollar link—for the first time in modern history—has been well and truly severed, and that this is sufficient reason for sitting back and allowing the gold market to ride out its speculative excesses on its own.

But despite the show of unconcern, there remains considerable disquiet about the effects of the surge in the gold price on the long term development of the international monetary system.

This is one of the reasons behind the renewed impetus being given by the International Monetary Fund to set up a substitution account to boost the importance of international reserves of the IMF's currency basket, the Special Drawing Right.

> Monetary authorities can hardly ignore the fact that supposedly demonetised gold, valued at market prices, makes up 70 per cent of the total official reserves held by the world's central banks—a proportion last seen in the 1950s.

This scheme, for central banks to swap part of their dollar holdings for SDR-denominated assets, was one of the main topics under discussion at last weekend's meeting of officials from the U.S., West Germany, France, the UK and Japan. If all goes well, the IMF hopes to reach general agreement to set up the account, with an initial volume of $10 to $30bn, at its annual meeting in September.

Following last weekend's gathering, Sig. Filippo Maria Pandolfi, the Italian Treasury Minister and chairman of the IMF's interim committee, decided to visit developing countries in the Middle East and South America to try to win support for the scheme.

He is expected to discuss the proposal that the IMF should use part of its gold stock to support income paid out to holders of the SDR assets. The idea that the IMF could use its holdings of around 100m ounces of gold — worth roughly $70bn at present market prices —to back capital and interest payments might prove an attractive carrot for participating central banks. But it also risks further reviving the controversy over the remonetisation of gold which has been a sore point between the U.S. and Europe for much of the last decade.

The U.S. can certainly argue —as officials have been doing over the past week or so—that gold's chronic instability of late has destroyed the remonetisers' case that the metal should be returned to a central role in the monetary system.

But the monetary authorities can hardly ignore the fact that supposedly demonetised gold, valued at market prices, now makes up about 70 per cent of total monetary reserves held by the world's central banks — a proportion last seen in the 1950s.

Indeed, one reason why the U.S. is reluctant to hold a further gold auction at present may be that it has awakened to the folly of selling off what appears to be an appreciating asset.

The rise in value of the U.S. gold stock to around $180bn— almost enough to settle America's total overseas debts— may, ironically enough, have been one of the principal factors supporting the dollar in recent weeks.

Nor can central bankers and finance ministers lightly dismiss the suspicion that strong demand from the oil exporting countries, which have become large holders of reserves, may have contributed significantly to the gold price explosion.

Heavy buying of gold—and silver—from the Middle East, clearly signalling a distrust of paper currencies in general, has been linked to a general effort by these countries to diversify the content of reserves in official and private hands.

Significantly enough, Zurich gold dealers report that some central banks in Latin American countries have also been participating in the gold rush in recent months, albeit to a relatively minor extent.

The reluctance of the European and Japanese authorities to shoulder some of the reserve currency burden of the dollar has been one of the reasons why the idea of the SDR substitution account has gained in favour among the industrialised countries over the past 12 months.

But there is also a more positive approach. This is the desire to offer reserve holders a multinational asset, with perhaps the lure of partial gold backing, which could prove a more reliable investment than a single currency unit—especially to countries which fear political interference with their dollar holdings of the sort decided by President Jimmy Carter in connection with the freeze of Iran's dollar assets last November.

Certainly, at the moment there is little to persuade the oil producers that the SDR the IMF's "paper gold" would be a better bet than the real thing.

Giscard seeks Gaullist restraint

BY ROBERT MAUTHNER IN PARIS

THE FRENCH President M. Giscard d'Estaing yesterday met M. Jacques Chirac, leader of the Gaullist party, for the first time in more than a year in an attempt to tone down the Gaullists' growing hostility towards the Government. Their lunch was described as a private occasion, but has provoked widespread speculation about its long-term political significance.

The meeting between the President and his former Prime Minister follows the recent dispute between the Government and the Gaullists over the 1980 budget. It was the latter's refusal to vote for the budget which forced the Government to resort repeatedly to a special constitutional procedue to push it through the National Assembly.

Political commentators are intrigued by the motives which led President Giscard to extend an invitation to M. Chirac at this particular time.

The Gaullist leader, who has remained uncharacteristically silent over the past few months, is due to give a news conference on February 12 at which he is generally expected to announce his candidacy for the presidential election in the spring of 1981. Since M. Giscard d'Estaing will almost certainly be running for a second term, the rivalry between the two men is more likely to increase than diminish over the coming months.

> **The French Government has set an optimistic inflation target of around 10 per cent this year after an 11.8 per cent increase in the official consumer price index for 1979, writes David White. M. Rene Monory, Economy Minister, said the 1979 performance was better than the previous year's 9.7 per cent rise, considering that 2.5 percentage points were added on by oil price increases. December showed a monthly rise of 0.8 per cent, compared with 0.7 per cent in November and a much bigger increase is expected in the January figure. The 1979 result followed three years in which inflation had kept just inside single figures.**

In the circumstances, it is difficult to see how the Gaullist party can be prevailed upon to modify its basic strategy. This is to underline its own identity by differentiating itself as much as possible from government policies.

Though this leaves a little room for a real improvement in relations, President Giscard clearly hopes to persuade M. Chirac to avoid any action which could bring about a political crisis before the presidential election.

The President is understood to be opposed to a dissolution of Parliament before the election, although he might be forced to do so if the Gaullists continue to oppose government legislation. Even if Mr. Chirac cannot be expected to abandon his critical attitude, he might agree to adopt a less consistently hostile stance in the National Assembly.

What is certain is that a general election at this stage would not be in the interests of the Gaullists, whose standing in the opinion polls leaves much to be desired.

Radical party bid to block Italian anti-terror laws

BY RUPERT CORNWELL IN ROME

ITALY'S emergency anti-terrorist measures, brought in by Government decree last December, are threatened by a filibuster by the small Left-wing Radical Party during the current parliamentary debate to bring them into law.

The package has broad endorsement from the other parties, but its provisions to extend to 48 hours the police right to hold and question suspects, and strengthen their powers of telephone tapping and random search, have been challenged by the Radicals as unconstitutional.

The party's 18 deputies have put down some 5,000 amendments. All, in theory, must be at least discussed, even if the Government decides to make the anti-terrorist Bill a matter of confidence, in which case a single vote would take place on the entire measure.

Last night emergency talks were under way, sponsored by the Socialist Party, to try to reach a compromise. This would involve agreed modifications to enable the measures to become law before February 14, when the 60-day life of the decree automatically lapses.

Should these efforts fail and the Radicals stand firm, their continued obstruction will both inflame further the political atmosphere, and reduce what remains of the prestige of the Italian Parliament.

The debate has coincided with statistics for 1979 showing that there were 1,163 attacks against public buildings during the year, while 40 people were murdered by terrorists, 14 of them police and five politicians. Yesterday police carried out further roundups of suspects in Milan, Padua and other northern cities.

In Sardinia a separate dragnet has brought in 16 suspects (and arrest warrants have been issued for a further 23 people) in connection with the spate of kidnappings on the island

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Simon Henderson in Tehran and **Andrew Whitley** in London outline the problems confronting the winner of today's presidential poll

President faces a battle for power in Iran

IRAN GOES *to the polls today* to elect the first President of the Islamic Republic, a chief executive who, in theory at least, will have as much power as the former Shah ever had.

With his election, the process of installing a permanent government, begun last month with the referendum on the Islamic constitution, will have taken an important step forward. Next month, voting takes place for a legislative assembly and, thereafter, a new administration under a Prime Minister responsible to the President is to be selected.

However, Iran's unique experiment in "dual government," in which the clergy pull all the strings, will not disappear once these shiny, new institutions are in place.

The 14-man Revolutionary Council looks likely to prolong its own life indefinitely: a "Council of Guardians" charged with supervising all legislation to ensure its accordance with Islam is to be formed; and, at the apex, Ayatollah Khomeini is virtually certain to take up the supreme religious and political role of "Velayat-e-Faghih," the trustee of the nation's affairs.

In the coming weeks a new dimension will be added to the already acute political uncertainties in Iran as the President attempts to establish his relationship with the clergy-appointed bodies.

Far from standing above the *fray*, the country's chief executive is likely to be sucked into the infighting between rival factions which is plaguing the ruling elite. As for attempting to impose his authority in the country as a whole, whoever is successful will need to create an instrument of power loyal to himself.

After repeated purges to prevent a counter-coup, the once powerful Iranian military machine is in a badly demoralised state. One serving major *described recently how* discipline had broken down to the extent of outright refusal by soldiers in a class which he was lecturing to listen to what he had to say.

Where the loyalty of the paramilitary Revolutionary Guards lies is not clear, but it is thought to be favourably disposed to Dr. Mustafa Chamran, the Defence Minister, one of the so-called "Syrian gang" in the Iranian leadership. The Guards have not backed any particular candidate.

Dealing with the minorities will be one of the most pressing tasks for the new President. Recent concessions from Ayatollah Khomeini will help, but the task of reconciling the large proportion of the population which feels the revolution is not in its interests to co-operating with Tehran and Qom will be long and arduous.

If he is elected, Mr. Abol Hassan Bani-Sadr, the economic theoretician of the revolution and current favourite to win the race, has promised to make a reform of the economy his top priority.

Oil production is believed to be still running at comfortable levels around 3m barrels a day. But from the scanty information emerging from the oilfields in the south-west, output appears to be fluctuating wildly because of a combination of technical, administrative and political problems.

Chronic unemployment, *thought to involve about 2m* people from all walks of life, has to be tackled urgently if it is not to pose a medium-term threat to the regime. Related to it are the demands heard first during the agitation against the Shah for more, and cheaper, housing and for stable food prices.

As the revolution approaches its first anniversary, the points of uncertainty are, therefore, more acute than at any time in the past year.

● ABOL HASSAN BANI SADR, 44 (right), has been Finance Minister since the Bazargan Government fell in November at the beginning of U.S. embassy hostage crisis. For a time he was also Foreign Minister. Before the revolution, he studied at the Sorbonne in Paris where he worked on a synthesis of Koranic codes and modern economics, laid out in his book "Economics of Divine Unity." In Western terms his economics are quasi-Marxist. As a member of the revolutionary Council, his views were being heard even before he became a Minister. He is credited with arranging the nationalisation of banks and insurance companies last year, and plans to nationalise foreign trade. A favourite in the current campaign, he owes his popularity to the respect he has gained from the people for his air of honesty and intellect. He is also known to be very close to Ayatollah Khomeini. If elected, he would probably find it difficult to work with another Khomeini favourite, Sadegh Qotbzadeh, who succeeded him as Foreign Minister. Both men are reliably reported to be unable to stand each other. He is widely believed to want to solve the hostage problem quickly. The big question is whether he will be prepared to involve himself in the necessary political in-fighting.

● ADMIRAL Ahmed Madani, 50, (right) is the most Western of those standing and this will probably be his downfall. Even if he is elected, it seems unlikely that the clergy could work with him. His fame and position stem from his work since the revolution as head of the navy and governor-general of the south-western oil province of Khuzestan. In these roles, he has achieved a reputation as a trouble-shooter. The ferocity with which he has put down fighting by the minority Arabs in Khuzestan has not endeared him to some. Maliciously or *not, he is seen as a possible* Napoleon figure. "In a few years he could be another Reza Shah (the Shah's father who, as a mere Cossack officer, seized the throne)," is among the views expressed. Nevertheless, his anti-Shah credentials remain good — unlike some who seem to have built them up since the revolution. As a naval officer in 1971 he was court martialled for his political views and forced into retirement. Banned from leaving the country, he taught politics and economics at university. His reputation for toughness does not come over in personal contact. Instead, he seems a mild, thoughtful man. A good manager, the *extent to which he has revitalised* the navy since the revolution is arguable.

● HASSAN HABIBI, 43, is an introvert and, therefore, an unlikely spokesman for the Revolutionary Council. Journalists who saw him with Khomeini in Paris cannot remember him opening his mouth once. He became one of the front-runners in the elections after the Qom Theological College backed him. Since then, other clergy have done so as well. His views have only recently become known. In a interview two weeks ago he candidly said the Revolutionary Council had no control over the students holding the embassy hostages. While saying that the President will have to solve the issue, he also insisted that the Shah must be returned first. If the Shah were not returned, he commented that "it was not that difficult to live with a deadlock." He is Minister of Culture and Higher Education, a position he held in the government of Mehdi Bazargan. When Bazargan resigned at the start of the present crisis and was asked to join the Revolutionary Council, he apparently insisted that Habibi should join as well. He has not been affected by the campaign waged against Bazargan by the embassy students for the contacts which the former Premier's National Freedom Movement had with the U.S. Habibi was never a member of the movement,' but one of Bazargan's former Ministers, *Abbas Amir-Entezam, has been* arrested and accused of spying because of the contacts.

After 11 weeks, the crisis with the U.S. over the Shah and the diplomatic hostages in Tehran is not visibly nearer resolution. There has been a late, but growing, awareness of the danger posed by the Soviet Union's invasion of Afghanistan, but an unwillingness to do anything about it other than a ritual diplomatic protest.

Ayatollah Khomeini's hospitalisation in Tehran for heart treatment this week could not have come at a worse time. No procedure is laid down in the constitution for a successor to be found, while the prospect of his absence from the scene spotlights the lack of any heavyweight and uncontroversial figure waiting in the wings who could fill the immense gap he would leave behind.

Although the outcome of today's presidential election is unlikely to reduce the overall doubt about where the revolution is heading, its significance lies in the fact that it is being held at all at this time of uncertainty.

The prerequisite for the candidates was complete loyalty to the Ayatollah and his conception of a clergy-run state. On these grounds, the only notable figure from outside the mainstream of Islamic politics, Mr. Massoud Rajavi, the leader of the radical Mujaheddin-e-Khalq organisation, was forced to stand down.

After weeding out more than 100 lesser candidates, only eight are left in the race—all of them with an approved revolutionary background. As they vie with each other to prove to the electorate their closeness to Khomeini, the campaign has inevitably been fought on the basis of personality rather than policies.

The candidates are a mixed group. By no means all are capable of imposing their personality on a system where power has been up for grabs during the past year, retainable as long as it is held in the name of Ayatollah Khomeini.

The favourite is Mr. Abol Hassan Bani-Sadr, the Finance Minister who lost his foreign affairs responsibilities when he made the mistake of taking an initiative over the U.S. crisis without first receiving the approval of the Ayatollah.

His main rivals for the presidency are Mr. Hassan Habibi, the Revolutionary Council's spokesman and the man with the backing of the most influential group of clerical opinion in Qom, and Admiral Ahmed Madani who has resigned as head of the navy and is now a favourite with the middle class and businessmen.

Mr. Sadeq Qotbzadeh, the Foreign Minister, is given an outside chance. He never really caught the public's imagination, though his revelation on Wednesday that Panama had agreed to his request to detain the Shah pending extradition proceedings may well have been an eleventh-hour attempt to profit electorally from the single issue still uniting the country.

The other man candidates are Mr. Sadeq Tabatabai, the Ayatollah's son-in-law, Mr. Darius Forouhar, a right-wing nationalist, Mr. Mohammed Mokri, the Iranian ambassador to Moscow, Mr. Kazem Sami, the head of the small JAMA party, and Mr. Hassan Ayet, now being put forward as a compromise candidate for the main pro-Khomeini political organisation, the Islamic Republican party.

The IRP is presently in a state of deep disrray. Its original candidate was barred from taking part, ostensibly because he did not fulfil the requirement of being a "true Iranian." But the party is also under surprisingly strong attack from a number of quarters.

The outcome could be to damage severely the only party which has been able to establish a national network of support since the revolution. All other parties, as opposed to the two main guerrilla organisations who remain semi-underground, are either regional in orientation or small in terms of numbers and influence.

To be successful in the election a candidate has to win over 50 per cent of the votes cast. Mr. Bani-Sadr has expressed confidence that he is capable of achieving this target; but if no outright winner emerges today there will be a run-off between the two leading candidates in a week's time.

Although the contest appears to have aroused considerable interest in some areas, the recent history of unrest in the minority regions means that the actual holding of elections will not be smooth sailing. The *Kurds have announced their* boycott of the polls; but other dissident groups, such as the Baluchis and the Azerbaijanis, are expected to take part.

The voting procedure is extremely vulnerable to abuse as each of the estimated 22m voters must write the name of his choice on a blank slip. With more than half the population illiterate, the result could well be decided therefore by local interest groups, above all the mullah in his local mosque.

OTHER EUROPEAN NEWS

W. Germany slims down for healthier future

BY RHYS DAVID

A SURPRISING force is emerging in Europe's troubled textile sector. In spite of high labour costs, static demand and a steadily rising import penetration (currently around 40 per cent) West Germany's textile industry is able to look back with some satisfaction on 1979.

In the first nine months—the latest period for which results are available—production and turnover rose by 4 per cent and exports by 12 per cent. Capacity working throughout the sector is at a healthy 80-90 per cent.

The strong recovery which West German textiles has made from the recession in 1974 has been based on a programme of extensive rationalisation and investment, involving the closure of many plants and the loss of thousands of jobs.

The number of companies in textiles itself—yarn and fabric manufacture—is down from 3,600 in 1970 employing 500,000 people to about 2,000 employing 300,000 at present. In clothing, there has been a similar decline, from 381,000 employees to fewer than 250,000. There has also been a big drop in the number of home workers.

Output of yarns and fabrics has been maintained, however, largely as a result of continuing heavy investment in modern machinery which works at higher speeds and delivers high quality products suitable for export markets. Between 1974 and 1978, West Germany was the world's fifth biggest market for shuttleless looms—the basis of modern woven fabric production—behind the U.S., Italy, the Soviet Union and France.

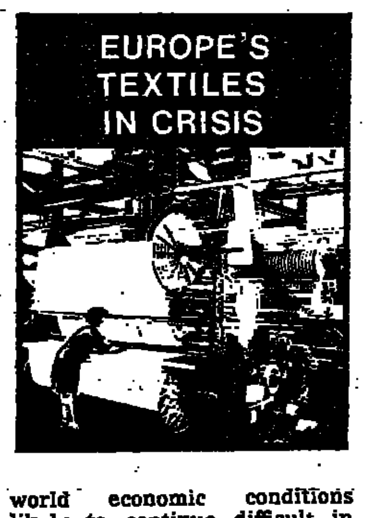
West Germany was also the third most important market in western Europe, after Italy and Greece for ring spinning equipment and third again after Italy and France in the purchase of the newer open-end spinning equipment.

Nevertheless, though 1979 has proved satisfactory, the industry's predictions for 1980 are characterised by caution. There is uncertainty about how deep and prolonged the new recession is likely to prove and concern over current world political problems.

According to Dr. Konrad Neundorfer, director of Gesamttextil, the West German textile federation, the industry generally will be pleased if it can match its 1979 performance this year at a time when oil price rises are likely to be squeezing consumer spending power.

One of the industry's biggest companies, Nino, is expecting only a 1 per cent rise in the market and, with imports destined to grow again, competition among domestic producers for a share of the West German market will be further intensified.

The main import problem for West Germany, as for the UK and other EEC countries, will be posed by the Far Eastern suppliers, and with



world economic conditions likely to continue difficult in the foreseeable future the West German industry will be strongly supporting efforts by other European producers to secure a renewal beyond 1981 of the GATT multi-fibre arrangement, the agreement regulating world trade in textiles.

Providing some framework remains, the West German *textile industry now* believes that it can live with and adapt to competition from the Far East, and there is now more concern over the threat posed by textile imports from elsewhere.

U.S. imports based on access to cheap oil are beginning to enter the West German market and Greece is also expected to become an important low-cost source of supply after entry into the EEC. The West German industry is also apprehensive that the EEC may be encouraged to increase substantially the 40,000 tonnes per year quota assigned to China.

The industry also feels it would benefit from the removal of some of the non-tariff barriers to trade within the EEC. Among the examples cited are the French insistence on labels of origin.

But although there are complaints over these and other problems, there is considerable confidence that a viable and healthy textile industry will survive in West Germany and the willingness of the industry to adapt would seem to support this.

Nino, itself, has reduced its labour force by roughly a third in the past five years to around 4,000. Faced with increased competition from imported yarns and fabrics, the company has broadened its product range and invested heavily in equipment to manufacture two difficult but currently popular fabrics, velvet and corduroy.

There has also been a drive to increase exports, currently 50 per cent of output, and to find new markets. The company has developed a strong presence in the UK market where it is an important supplier of fabric to garment-makers working for Marks and Spencer.

According to Dr. Walter Ferner, the group's chairman, the industry in West Germany as a whole is faced with further rationalisation with more companies likely to withdraw from textiles and particularly clothing. Nino believes, however, that there will always be a place for plants close to the markets being supplied and able to react quickly to demand.

The most vulnerable process will continue to be clothing but here the West German industry expects to deepen its involvement in low-cost production centres mainly in the Mediterranean and Comecon.

The main losers from the outward processing of fabric and from other forms of import, as well as from rationalisation, are West German textile workers. Many more of them look destined to lose their jobs over the next decade as the industry places more and more emphasis domestically on technology.

The reductions that have taken place in employment would seem to have had the effect so far, however, of helping to create a more specialised and stronger West German textile industry, well equipped to survive the continuing challenges likely to be posed during the rest of the century.

Strike hits Ekofisk field drilling

BY FAY GJESTER IN OSLO

ABOUT 100 drilling rig workers on Norway's Ekofisk oil and gas field have gone on strike in pursuit of pay demands. Production has not been affected, however, according to Phillips Petroleum, the field's operators.

Initially, the dispute brought drilling to a halt on only three platforms—Ekofisk Alpha, Ekofisk Beta and Tor—where Morco is the drilling contractor. Sinking of production wells was stopped and they were "thoroughly secured," Phillips said.

The striking rig crews want an immediate pay rise, in advance of the spring wage bargaining, but their employees have been pressed by the Norwegian Employers Association, of which they are members, not to grant increases now. Drilling workers on Eldfisk Alpha, an Ekofisk satellite field, who are employed by a contractor not affiliated to the employers association, have already been granted a 20 per cent rise, effective from January 1.

Richard Johns, Middle East Editor, looks at the response of the Moslem world to the invasion of Afghanistan

Islam: divided it stands

THE Islamic Conference that assembles tomorrow to discuss the Soviet occupation of Afghanistan will be the 11th gathering of Moslem foreign ministers. But it is the first emergency session ever called.

The crisis nature of the hastily convened meeting in Islamabad could be seen as a reflection of the threat posed to others by an atheistic superpower's blatant intervention in the affairs of a member of the organisation.

However, the representatives of Islam in Islamabad are as unlikely as the recent meetings of the European Community and North Atlantic Treaty Organisation to give a firm and unified response to the Soviet challenge.

A large measure of disunity seems assured with the absence of six members accounting for about three-quarters of all Arab people but little more than one-sixth of Islam's 600m-700m adherents.

One of the most vociferous assailants of the Soviet Union's adventure, Egypt, was suspended from membership of the organisation last year because of its bilateral peace treaty with Israel. The "Arab Steadfastness Front"—composed of Syria, Algeria, Libya, the People's Democratic Republic of the Yemen (PDRY), and the Palestine Liberation Organisation—have given precedence to their opposition to that treaty.

They have, in effect, decided to avoid giving any offence to Moscow, their main ally in the campaign against the Camp David Accords, and any appearance of support to Washington, the sponsor of the treaty.

Iran—despite showing increasing signs of apprehension about Afghanistan—still seems as obsessed with its confrontation with the U.S. as with the danger to itself from Soviet expansion.

It has recommended a postponement of the meeting and will only be sending its Islamabad ambassador as an observer. Turkey has its own reasons for not wanting to risk an open confrontation with the Soviet Union.

Over the past decade the Islamic Conference has developed as the only political expression of *umma*, or the community to which all Moslems belong.

The process has been slow and halting, not the least because of disputes over such issues as Pakistan-Indian enmity, the creation of Bangladesh, the struggle of the Moro Nation Liberation Front against the Phillippines Government, and the Western Sahara. The main unifying factory has been the Arab-Israeli conflict and the aim of recovering Jerusalem, Islam's holiest shrine after Mecca and Medina.

Nevertheless, Arab differences are usually reflected in the Islamic Conference with the non-Arab Moslem countries sometimes angered by alleged Arab tendency to see Islam as an extension of their own power.

By and large the most that members have aspired to is a broad measure of consensus in line with the ideal of universal Islamic brotherhood.

Political considerations played a large part in the genesis of the Conference. When the late King Feisal first proposed a Pan-Islamic pact in 1965 he was mainly concerned with forming a conservative Moslem alliance to counter the influence of President Nasser of Egypt.

But only after the 1967 Arab defeat by Israel and King Feisal's partial reconciliation with Nasser was the way open for the 1969 Arab summit in Rabat that led to the establishment of the organisation with a permanent secretariat in Jeddah.

It needed the furore over the burning of the Al Aqsa Mosque in the Old City of Jerusalem to bring the heads of state together.

An Indian delegation, representing the world's fourth largest population of about 60m, was turned away as a result of Pakistani protests. Other countries — including Saudi Arabia — were said to fear that the Soviet Union and China might demand the same access.

The emergence of Bangladesh was another source of contention at the 1972 meeting, but two years later the movement achieved perhaps its greatest success when it meditated between Pakistan and Bangladesh.

By then a dozen African members had joined the organisation, a phenomenon not unrelated to the oil wealth concentrated in Islamic possession, the producers' growing effort to identify with the Third World and hopes of aid.

In 1970 Turkey and Black African members resisted a proposal for all Islamic states to break off diplomatic relations with Israel, the 1975 meeting recommended a total rupture and the expulsion of Israel from the United Nations.

In Islamabad there will be more absentees than at any previous conference with only 33 out of a potential 42 participants having accepted invitations. This is because for some members Afghanistan and the Camp David peace process have become hopelessly entangled.

The two issues are linked through the common denominator of the Soviet Union's drive to extend its influence in the Middle East.

There may seem a bleak inconsistency in the refusal by members of the Steadfastness Front to criticise Soviet action in Afghanistan, but their preoccupation is the military occupation of Arab territory by an alien people. For them, Jerusalem, the West Bank and the Gaza Strip are the heart of the matter—and Afghanistan a distant land.

For Mr. Abdel-Halim Khaddam, Syrian Deputy Premier and Foreign Minister, the choice seemed simple enough when he addressed the "Steadfastness Front" last week: "Those who were trying to show the world that they were trying to defend Islam and Moslems were at the same time giving aid to the colonialist Zionists who were occupying Arab Jerusalem and killing Arabs and Moslems in southern Lebanon and Jerusalem."

The joint statement issued at the end of the meeting argued in the same rhetorical terms. Yet the five Arab allies could not simply turn their back on the Islamic Conference. They proposed a postponement so that the opening of the Islamabad meeting would not coincide with the date for "normalisation" of Israeli-Egyptian relations, and a change of venue to Saudi Arabia "because Pakistan is openly co-operating with the U.S. and directly involved in the Afghanistan affair."

On the part of Syria, Libya and the PDRY — the one Marxist state in the Arab world — this reflected their total dependence on the Soviet Union for arms.

Iran's attitude has also been convoluted. Mr. Sadeq Qotbazadeh, Foreign Minister, spoke earlier this week of the "real danger," facing Iran's south-eastern provinces and warned that the country could not "remain silent in the face of the Kremlin's intervention in Afghanistan."

He stopped short of associating himself with the pro-Moscow Steadfastness Front. But he betrayed equal reluctance to be bracketed with the more conservative Islamic states or to expose himself and the regime to any charge of implicitly approving U.S. aid to Pakistan through attendance at the Islamabad conference.

He had an even more convenient and plausible excuse for proposing a postponement: the conference coincides with Iran's presidential election in which he is a leading candidate.

For Saudi Arabia and Jordan the decision of the five members of Steadfastness Front not to attend will be a bitter blow.

Nothing can disguise that a wedge has been driven into Islamic solidarity, wittingly or otherwise, by the Soviet Union. One objective envisaged by the conference conveners is a boycott of the Moscow Olympics. Saudi Arabia, Qatar and Djibouti have declared their intention not to take part though that will hardly hurt the Soviet Union. Turkey has indicated that it would not join such an embargo.

Other aims envisaged as an immediate retaliation against the Soviet Union's action are a merger of the various Afghan rebel factions, recognition of any such unified leadership as a national government-in-exile, and the provision of the necessary resources to resist the occupation. Agreement on a plan of action may be easier in the absence of the Steadfastness Front, but still looks hard to obtain.

Even if General Zia ul-Haq's will to resist has been strengthened by the legitimacy that the crisis has conferred upon him and by the prospect of U.S. arms aid, others—including his own generals—may be in favour of greater prudence. Weakened by Arab defections, Islamic resolve and Saudi attempts to assert leadership of the Moslem world will be sorely tested.

MEMBERS OF ISLAMIC CONFERENCE
(Populations at 1976 of countries with more than 1m)

ARAB		NON-ARAB ASIAN	
Algeria*	16.4m	Afghanistan*	14m
Bahrain		Bangladesh	80m
Egypt*	38.2m	Indonesia	130m
Iraq	11.5m	Iran	33.5m
Jordan	2.7m	Malaysia	12.6m
Kuwait	1.03m	Maldives	
Lebanon	3.2m	Pakistan	71.3m
Libya*	2.5m	Turkey	40.9m
Mauritania	1.5m	NON-ARAB AFRICA	
Morocco	17m	Cameroon	7.6m
Oman		Chad	4.1m
PLO*		Comoro	
Qatar		Gabon	
Saudi Arabia	9.2m	Gambia	
Somalia	3.5m	Guinea	4.6m
Sudan	16.1m	Guinea Bissau	
Syria*	7.6m	Mali	
Tunisia	5.7m	Nigeria	77m
North Yemen	5.4m	Niger	4.7m
South Yemen*	1.7m	Senegal	5.1m
United Arab Emirates		Uganda*	11.9m
		Upper Volta	6.2m

(* Not attending conference)

New attempt at Korean unity talks

By Ron Richardson in Seoul

SOUTH KOREA yesterday sent a letter to Mr. Lee Jon Ok, the North Korean Prime Minister, proposing preliminary talks to arrange for a meeting between Mr. Lee and Mr. Shin Hyon Hwack, the South Korean Premier.

In the message Mr. Shin called for three delegates from each side to meet at Panmunjon on the border between North and South on February 6.

He was responding to an offer by North Korea on January 12 in which the South's long-held insistence that any contacts would have to be at Government-to Government level was apparently accepted for the first time.

A meeting between the two Prime Ministers would be the first official contact between he two regimes since the end of the Korean war in 1953.

Although abortive negotiations began in 1972, the contacts were at a quasi-official level in which neither side was forced to accept the legitimacy of the other.

Syrians fear Israeli attack in Lebanon

By Ihsan Hijazi in Beirut

SYRIA HAS redeployed its troops in Lebanon and the moves are reported to be in anticipation of an Israeli attack. The troops have moved from positions along the southern coastal road between Beirut and Sidon to the Bekaa Valley in eastern Lebanon near the Syrian border.

The move came as the Arab League, meeting in Tunis on Wednesday, extended the mandate of the 24,000 Syrian troops in Lebanon for another six months.

Beirut newspapers yesterday reported that Damascus had received information that the Israelis were preparing a surprise attack against Syria across Lebanese territory.

Mr. Menahem Begin, Israel's Prime Minister, last week accused the Syrians of getting ready for warlike operations

Monitors watch Beit Bridge

BY QUENTIN PEEL AT BEIT BRIDGE

SOUTH AFRICAN troops operating inside Rhodesia to protect the Beit Bridge road and rail link between the two countries have been brought under the surveillance of the Commonwealth ceasefire monitoring force.

A three-man monitoring team, consisting of a British major and two sergeants, has been posted to the border town following Lord Soame's agreement to allow regular South African soldiers to remain in Rhodesia during the election campaign. The presence of the monitors is clearly intended to defuse Commonwealth criticism of the agreement between the Governor and the South African Government.

The South Africans have been given permission to patrol up to 10 kilometres inside Rhodesia, but both British and Rhodesian officials insist that the right has not been exercised in the past 10 days.

The visible South African presence at the bridge is not large. The bridge guard consists of a platoon of 26 men dug into machine-gun emplacements on both sides of the river. They belong to a South African company of 150 which is based on the South African side.

The Rhodesians insist that they have been unable to give adequate protection to the bridge because of a shortage of manpower. Before South Africa took over the job two years ago, it was done by Rhodesian police reserves, 60 men rotating every two weeks.

The South African presence inside Rhodesia, apart from the immediate bridge guard, has been primarily of patrols up to the 10-kilometre radius around Beit Bridge which the South Africans considered necessary to prevent guerrillas setting up mortars. The South Africans have artillery on the south bank ranged over the entire area and have carried out periodic target practice aimed at the hillsides overlooking the bridge.

Although the Rhodesians have claimed that as many as 600 guerrillas belonging to Mr. Robert Mugabe's Zanla forces are still active in the Beit Bridge area, Major Jeremy Alford, commander of the monitoring force at the bridge, said the South African troops had not been deployed. "There has been no change since we arrived last week," he said. He relies for his information on the Rhodesian security forces, direct liaison with the South African company commander and the right to cross the bridge as far as the South African customs post.

Rhodesia Front gains 14 white seats unopposed

BY MARK WEBSTER IN SALISBURY

THE RHODESIA FRONT, led by Mr. Ian Smith, the former Prime Minister, will hold at least 14 of the 20 seats reserved for whites in the independence Parliament.

The party was opposed in only six seats when nominations closed yesterday. Although Mr. Smith is opposed by two independent candidates, they are little-known, and he is almost certain to be elected in the voting on February 14.

Among those returned unopposed are Mr. David Smith, deputy leader of the Rhodesia Front and Finance Minister in the transitional government, Mr. Pieter van der Byl, the Transport and Power Minister, and Mr. Bill Irvine, the Agriculture Minister.

Voting for the 80 black seats in the new Parliament will take place from February 27 to February 29.

Most of the 11 Commonwealth observers who will monitor the elections arrived in Salisbury yesterday. The chairman, Mr. Rajeshwar Dayal, an Indian diplomat, and Mr. S. G. Ikoku, the Nigerian delegate, are expected to arrive within a few days.

Lame start for Israel-Egypt relations

BY DAVID LENNON IN TEL AVIV

THE BEGINNING of normal relations between Egypt and Israel, due at the weekend following completion of Israel's withdrawal from two-thirds of Sinai today, seems to be getting off to a lame start.

Despite high-sounding declarations by senior Egyptians, including President Anwar Sadat, about the opening of land, air and sea borders on Sunday, all these steps will be delayed by the absence of technical preparations.

Teams of officials due to work out the details of the opening of the land and air links have not yet met, despite Israeli eagerness to complete negotiations on these issues.

An Israeli diplomatic team will fly to Cairo on Monday to open the Israeli embassy there, but so far Jerusalem has not heard when Egyptian diplomats will arrive in Tel Aviv.

An official in Jerusalem insisted that the important fact was that the countries would begin to normalise relations and it did not matter if direct flights or the flow of land traffic started a few days after the date for the opening of the borders.

When pressed, he conceded that delays in working out the practical links between the two countries did not stem from technical problems alone.

Dr. Boutros Ghali, Egypt's Minister of State for Foreign Affairs, has declared on more than one occasion that development of normal relations will depend on progress in the talks on the Palestinian problem.

The two countries are due to exchange ambassadors on February 26 and tough talking on the Palestinian issue is expected before that date. At present there is deadlock between Cairo and Jerusalem over the nature of Palestinian autonomy, and both sides appear to be hoping that U.S. mediators, due in the region next week, will be able to find a way of keeping the negotiations going.

Import fee in plan for saving petrol

USING the Iranian and Afghan crises to drive home to Americans their vulnerability to oil supply disruptiouns, President Jimmy Carter pledged further action to bring down U.S. oil imports in his State of the Union address.

He set an 8.2m barrels a day (b/d) oil import limit for 1980, and proposed a number of measures to enforce it. He also offered to bring the limit down still further "if the other oil consuming countries will join us in a fair and mutual reduction."

However, it is highly unlikely that any drastic measures will be necessary since the 8.2m b/d target far exceeds the expected level of imports this year. After peaking at 8.5m b/d in 1977, U.S. oil imports fell to 8.1m b/d last year, and are expected to drop further this year because of the rising cost of energy.

Consumption

Mr. Carter said in his address that consumption of oil was down 8 per cent last year, and of petrol down 5 per cent. Stressing that "we must do more," Mr. Carter appealed to the nation to conserve energy, eliminate waste, and "make 1980 indeed a year of energy conservation."

He proposed the following measures:

• The imposition of an import fee if foreign oil purchases threaten to exceed the target. This idea is new, and suggests the Administration has dropped earlier proposals to limit imports by such means as "auctioning" rights to import oil, or by intervening directly in oil company purchase negotiations.

• The establishment of petrol conservation goals in all 50 states, to be mandatory if necessary.

• Petrol rationing if a serious shortage develops. Last year, Mr. Carter was granted the right to impose rationing with Congressional approval if oil supplies drop more than 20 per cent.

Mr. Carter added an appeal to Congress to pass all the energy legislation which he has proposed. The major items outstanding is the windfall profits tax on oil company earnings which will complete his programme to free U.S. oil prices from control and allow them to rise to world levels.

'Carter doctrine' aimed at protection of oil

David Buchan and Jurek Martin in Washington and David Lascelles in New York assess the implications of President Carter's State of the Union message

"AN ATTEMPT by any outside force to gain control of the Gulf region will be regarded as an assault on the vital interests of the United States" (Applause.) "It will be repelled by use of any means necessary, including military force." (More applause from the assembled Congress.)

Thus, President Jimmy Carter went to the core of his new doctrine for containing the spread of Soviet influence into the West's oil arteries, in a paragraph which White House officials underscored as the most important of the President's Wednesday night State of the Union address and one directly aimed at the Kremlin.

Saying at the outset "It has never been more clear that the state of our union depends on the state of the world," the President dealt almost entirely with foreign policy in the wake of the Iran and Afghanistan crises, and tacked on domestic initiatives virtually as an afterthought.

Tracing the broad sweep of U.S.-Soviet relations over the lst 35 years, interlaced with alternating periods of co-operation, competition and confrontation, Mr. Carter still said: "Preventing nuclear war is the foremost responsibility of the two superpowers." Therefore, the SALT negotiations would not be abandoned (even though the strategic arms limitation treaty is in cold storage for at least the rest of this year), and Congress gave him kuite a big hand for this nuclear arms control commitment.

But the Soviet Union had come to a fork in the road. "Will it help promote a more stable international environment in which its own legitimate, peaceful concerns con be pursued? Or will it continue to expand its military power far beyond its genuine security needs, using that power for colonial conquest?"

Mr. Carter seemed to answer the latter rhetorical question in the affirmative. Its invasion of Afghanistan was "a radical and aggressive new step" and "could pose the most serious threat to world peace since the Second World War." The reason, simply, was that Soviet troops were now within striking distance of "more than two-thirds of the world's exportable oil" in the Gulf area.

But there are two major impressions in what the U.S. is now prepared to do. First, White House officials say the U.S. is ready to commit American forces directly to defend the Gulf region, thus explicitly reversing the Nixon doctrine of the early 1970s under which the U.S. sought to rely on surrogate regional powers.

But they refused to define geographically what this region is. Does it stretch from the Horn of Africa to the Indian subcontinent? Or is it more narrowly just the Gulf oilfields? Congress, for one, will want that clarified.

Second, the "co-operative security framework" which President Carter is offering friendly and anti-Soviet countries in this undefined region is deliberately vague. The White House says only that it is not an attempt "mechanically to repeat" the fixed alliance which the U.S. has in Europe and the Far East.

The vagueness is to allow a wide political spectrum of differing regimes to strike a variety of security arrangements with Washington. But within this broad ambiguity, President Carter spelt out a few concrete points on Wednesday night.

Pakistan

The U.S. will stick to its 1959 non-treaty security agreement with Pakistan, but Mr. Carter said Congress would be asked "specifically to reaffirm this commitment." This is essentially a compromise between the U.S. desire to stick to the wording of the 1959 accord which talks of "Communist aggression," and should therefore not alarm India, and Pakistan's anxiety that its agreement with the U.S. should get the cement of legislative approval.

Iran was warned that if the U.S. hostages in Tehran are harmed "a severe price will be paid." But if they are freed soon, Mr. Carter repeated his willingness to help Iran against the danger "to the north." This is at the very least a broad hint that, once the hostage crisis is over, Washington will not break all relations with Tehran, as it had planned to do.

The U.S. will press on with efforts to get autonomy for Palestinians in Israeli-occupied territories—the major irritant that has set the U.S. apart from much of the Moslem world. Underlining this, Mr. Sol Linowitz, the U.S. mediator in the Palestinian autonomy talks between Egypt and Israel, set out last night for discussions with leaders of Jordan, Egypt, Saudi Arabia and Morocco.

The U.S. will push on with efforts to arrange air and naval facilities in countries around the Indian Ocean rim—specifically Oman, Kenya and Somalia. It will also strengthen its capability to get forces out to that area in a hurry, as part of the general increase in defence spending.

To those European allies who have not seen the threat to the Gulf in quite the same grave light that Washington has, Mr. Carter said that countering Soviet influence "demands the participation of those who rely on oil from the Middle East." Europe and Japan are even more dependent than the U.S. on oil from the area.

The new "Carter doctrine" bears the unmistakable hallmark of Mr. Zbigniew Brzezinski, his National Security Adviser, not only because recent events have backed up his long-held, darker views of Soviet motives, but also because the President's speech bears a remarkable resemblance to an interview Mr. Brzezinski gave to the Wall Street Journal two weeks ago.

It also has the stamp of Mr. James Schlesinger, the departed Energy Secretary, who President Carter was forced to ditch last summer because of the secretary's domestic unpopularity, but for whose geo-political farsightedness Mr. Carter had high regard.

Draft could prove controversial

PROBABLY the most controversial element of the State of the Union address, at least in domestic political terms, was Mr. Jimmy Carter's call for reinstatement in the U.S. of registration for the draft or national service.

The President stressed his hope that an actual call-up would prove unnecessary and that registration of young people (women may be included as well as men) between the ages of 18 and 26 was precautionary and designed only to make speedy mobilisation possible if the need arose.

Nevertheless even this spectre of the draft is bound to revive uncomfortable memories of the 1960s and early 1970s when hundreds of thousands of young Americans were inducted to fight an unpopular war in Vietnam. Burning a draft card then was one of the symbols of opposition to the war.

There is little evidence today that young people view the prospect of military service with any greater enthusiasm. Recruitment for the all-volunteer armed forces has failed to meet targets since the draft was suspended in 1974 (it had been appreciably wound down before then), while even the reserve contingents are well under strength.

More disturbing than the mere manpower shortfall is the wide belief that the quality of recruits to the armed forces has shown a progressive deterioration in the past half-dozen years.

Nevertheless, such was the opposition to the draft that Congress has in the past repeatedly turned a deaf ear to pleas from the military that registration be reintroduced. To judge by the applause Mr. Carter received from Congress when he made his announcement on Wednesday night, sentiment may now have shifted markedly in the wake of the new Soviet threat to world peace.

However, some politicians—Senator Edward Kennedy's name immediately springs to mind—may well vehemently oppose renewed registration. They will undoubtedly point out that, as administered in the past, the old selective service system, comprising 1,800 local draft boards and higher regional offices, was too often an unfairly directed operation.

It resulted in the induction of a disproportionate number of America's "under-classes" (blacks and other minorities, and the poor in particular) and provided protection for more privileged sections of society. In any case a sharp and perhaps bitter political debate seems bound to ensue.

Moscow's tough reply

THE Soviet Union yesterday denounced President Jimmy Carter's call for efforts to defend the Gulf region as "demagogical" and said it was "absurd" to regard the region as an area of "vital interest" to the U.S.

The official Soviet news agency, Tass, said Mr. Carter's warning to the Soviet Union not to interfere in the Gulf was an attempt to distract attention from the imperialist plans of the U.S.

The agency accused Mr. Carter of regarding "nearly the whole world" as America's sphere of vital interest without being concerned how the countries "arbitrarily" included in this sphere react to the idea.

Marketing package for Chrysler

By Ian Hargreaves in New York

Chrysler, which is struggling to raise confidence among its bankers and to increase its share of the U.S. car market, yesterday launched a bold marketing package designed to achieve at least the second objective.

Mr. Lee Iacocca, Chrysler's chairman, announced a series of unprecedented cut price and service back-up offers designed to draw customers back into Chrysler showrooms.

The most remarkable offer in the "Chrysler guarantees" programme is one which enables a customer to take delivery of a Chrysler car, drive it for 100 miles or for 30 days and send it back if he does not like it.

Another lure is Chrysler's offer to pay $50 to anyone willing to take a test drive in a Chrysler, so long as the customer then goes on either to buy the vehicle or a comparable model from another manufacturer.

Chrysler has still not found a lasting solution to its problems with the syndicate of Japanese banks, which has again withdrawn the $240m line of credit needed to finance the company's imports of Mitsubishi vehicles. Mitsubishi has denied allegations that it persuaded the bankers to cut off Chrysler's credit.

Republicans learn clear lessons

BY OUR U.S. EDITOR IN WASHINGTON

MR. RONALD REAGAN has drawn closer to Mr. George Bush in the near-final tally of votes in Monday night's Republican Party caucuses in the mid-west state of Iowa.

With about 94 per cent of the votes tallied, Mr. Bush still led with 31.5 per cent against Mr. Reagan's 29.4 per cent. When a computer malfunction stopped counting on Tuesday, Mr. Bush had scored over 33 per cent to less than 27 per cent for the former Governor of California.

Senator Howard Baker from Tennessee was also picking up a greater share—up to 15.7 per cent from about 14 per cent earlier.

The narrowing of the gap appears not to alter the principal lessons from Iowa: that Mr. Reagan is not invulnerable and had better resume more vigorous campaigning if the bugbear of his advanced age is not to undo him; and that Mr. Bush has come a long way very fast and that Senator Baker is at least still politically alive.

Mr. John Connally's 9.3 per cent in Iowa remains a disappointment for him. His aides are now suggesting that the former Treasury Secretary and one-time Governor of Texas can recoup lost ground when the campaign moves south in March and April, to South Carolina and Texas in particular. But he will still have to do better than in Iowa in the intervening period.

Iowa also demonstrated something which, over the longer haul, must be of concern to Democratic Party strategists. The turn-out there was five times that of 1976 on the Republican side. There appears to be a mini-groundswell of support for the Republican Party, generated partly by interest in the race for the nomination and partly reflecting the more conservative mood of the country.

Moreover, the Republican candidates themselves have not so far weakened this support by bitterly attacking one another. Deep intra-party schisms have yet to materialise, and at this very early stage the chance exists that whoever becomes the nominee will enjoy the backing of a unified and revived party.

East bloc 'no threat' to Europe chemical industry

BY SUE CAMERON, CHEMICALS CORRESPONDENT

WESTERN EUROPE'S chemicals industries are shown to have recorded an embarrassing $1.8bn surplus in business with East bloc countries, according to an unpublished study by the European Council of Chemical Manufacturers (CEFIC).

CEFIC has long contended that the industry in Western Europe was being hard hit by the chemical activities of countries in the East. But yesterday it admitted that it had "over-reacted" and that there was "no immediate threat" from the Eastern bloc.

The study, initiated by CEFIC precisely because of its fears about the Comecon countries, shows that in 1978 Western Europe's chemical exports to the East stood at £3bn, while the figure for chemical imports from the other side of the Iron Curtain was only $1.2bn.

Between 1974 and 1978—the latest year for which statistics are available—the chemicals trade balance in favour of the West was more or less constant at between $1.6bn ond $1.8bn.

The CEFIC report says East European officials have "indicated" that by 1985 there will be a chemicals trade balance in their favour of $1.7bn. But it adds that is is "not now thought their industry and marketing capabilities will develop rapidly enough to achive such a startling reversal of the existing position."

Yet CEFIC is still deeply concerned that, in the longer term, Eastern Europe's chemical industry will present a threat to that of the West. The report notes that between 1974 and 1978, Western exports of fertilisers and plastics to the East tended to drop while imports of *the same chemicals* from the Comecon countries rose.

The report includes two separate projections of the chemicals trade balance between East and West Europe in 1985 — a best and a worst case. The best projection shows the West's trade surplus dropping from the $1.8bn of 1978 to $1bn in five years' time. The worst case suggests it will drop to $0.3bn.

Both projections assume that Western exports *of commodity* chemicals to the East will be reduced by around 10 per cent a year. The best case foresees Western exports of speciality chemicals growing at the rate of 8 per cent a year, while in the worst case they increase by only 6 per cent a year.

The worst case also projects a 12.5 per cent rise in chemical imports to the West from the East; the best case envisages a growth of 10 per cent a year.

CEFIC's biggest worries over the Eastern bloc concern buy-back deals, which enable Comecon countries to pay for *Western technology with products* and prices. The report points to "the different methods of cost and price calculations in Eastern Europe which, in conjunction with buy-back deals and similar transactions, can lead to the disruption of Western markets."

Copies of the CEFIC report have been sent to the European Commission together with a list of actions which CEFIC pro*poses to take* in order to deal with some of the special difficulties arising in East-West European trade in chemicals.

One of its plans is to consult the Commission—along with other national governments—on ways of "accelerating the operation of anti-dumping procedures."

China may cut Japan's oil supplies

By Richard C. Hanson in Tokyo

CHINA'S foreign trade minister, Mr. Li Qiang, in Tokyo *for an official visit, has* indicated to Japanese officials that difficulties in raising oil production could force a cut on exports of crude to Japan.

Under the first leg of an eight-year trade pact signed in 1978 between the two countries, Japan committed itself to buy 7.6m tonnes of crude in 1979, 8m tonnes this year, with the amount rising to 15m tonnes in 1982. The amount represents roughly 3 per cent of Japan's total oil imports.

The Ministry of International Trade and Industry (MITI) said Minister Li did not mention any specific amount by which oil exports may be cut. China is known to have faced a slowdown in the rate of its oil production expansion after several years of double digit growth.

China produces more than 100m tonnes of oil a year, of which about 10 per cent is allocated for exports. The Japanese take the largest share of those exports. *Initially, however,* Japan was reluctant to take much of the Chinese crude because it contains a great deal of wax which makes it difficult to refine.

The amount of oil to be sold to Japan from 1983 will have to be negotiated sometime next year.

RHODESIA'S INDUSTRIAL BUILD-UP

UK companies warm up their motors

BY MARK WEBSTER IN SALISBURY

DESPITE UNCERTAINTY about the outcome of the February elections in Rhodesia, *most companies with a British* connection contacted here are optimistic about the future of their operations in this country.

Some are pressing ahead with expansion and modernisation plans whatever the outcome of the elections, while others say they already have sufficient spare capacity to cope with any increased demand in the foreseeable future.

The UDI years have been a blessing and a bane for industry. Sanctions forced companies to diversify, which has had the effect of broadening the country's industrial base. But Rhodesia has suffered from a lack of foreign exchange to replace outdated capital equipment and, in some cases, to purchase raw materials. Sanctions have also cost some manufacturing companies their traditional export markets.

The secrecy which helped industry survive sanctions became a way of life and, although sanctions are now lifted, companies are still reluctant to give details about the scale of their operations or value of their assets. One publicly quoted company said its turnover was classified information until it was pointed out that it was in the annual accounts.

Talbot, the motor manufacturers' Rhodesian subsidiary, is more optimistic than most about the future, and is pressing ahead with plans to assemble the Dodge range of commercial vehicles regardless of the outcome of the elections. The company worked at only 40 per cent of capacity during UDI and is gearing up now to go back into full production, although, like many other companies, it has a backlog of unremitted profits and dividends. A Talbot official said the parent company was prepared to put fresh funds into Rhodesia.

Chase Manhattan Bank and Citibank officials in Johannesburg are competing to court Rhodesian banks in an effort to secure business after a Government is elected in that country next month, AP-DJ reports. Rhodesia has an ambitious five-year development plan, and hundreds of millions of dollars in foreign loans will be needed to finance infrastructure development, financial officials said.

BL's wholly-owned subsidiary is taking a more cautious line about the future. Before UDI it was assembling 10,000 commercial and passenger vehicles a year at its Bulawayo plant and has yet to decide on the level of activity it will maintain in the future. Provided a radical government does not get into power, BL says it is sure there will be a lively market for commercial vehicles, which it will start to assemble first, because the majority of the national fleet

Dunlop's wholly - owned Rhodesian subsidiary stands to get a considerable boost for its tyre plant once the car manufacturers are back in full production, but it has also diversified widely over the past 14 years into flooring, fire extinguishers, furniture, clothing—and even *coffins.* The companys says its Bulawayo factory could increase its output substantially without replacing equipment and sees a potential export market in surrounding African countries for products other than tyres.

Chloride, which is 100 per cent UK owned, has considerable spare capacity at its plant producing industrial and car batteries and the company feels it could double its production without any immediate need to replace capital equipment.

Lonrho sees its future expansion in the mining sector. During UDI the company expanded its interests and now has nine gold mines. Lonrho says it will look at the possibility of exploiting certain base metals as well.

Rio Tinto is looking to gold for its immediate expansion plans because of the high world price for the metal. A pilot plant now in operation could be expanded to handle a throughput of 15,000 tonnes of ore per month, which will treble the company's present capacity. Substantial reserves of chrome and ferrochrome will soon be *available* on the *open* market and Rio Tinto may start a pilot plant for platinum exploitation later this year.

Turner and Newall was lifted the veil on its Rhodesian Holdings, disclosing a sharp jump in its net assets value to £93m. There has been massive reinvestment of blocked funds during the UDI years, especially in the company's mining interests. Althuogh reluctant to talk about its asbestos mines, Turner said a R$1.3m (£861,000) expansion to the asbestos piping plant in Bulawayo will go ahead this *year.*

Costain's Rhodesian subsidiary believes that the construction industry has already begun to show signs of a recovery after "a couple of pretty lousy years." The company has pared down its operations over the past few years while retaining only its key personnel. But Costains is optimistic especially because many other construction companies folded during the lean years.

Rothmans and BAT lost their export market in South Africa because sanctions made it impossible to obtain the wrapping for the name brands. The two companies came to an agreement over sharing the domestic market and have considerable spare capacity.

$1.7bn Saudi project

BY PAUL BETTS IN ROME

A $1.7bn AQUEDUCT is to be built in Saudi Arabia by a group of Italian, Japanese and West German companies.

The project involves the construction of two pipelines each 250 miles long to supply water from a desalination plant at Jubail, on the gulf, to Riyadh.

The desalination plant is to be constructed by three international consortia, including one with the participation of the Italian Ansaldo, Franco Tosi and Breda groups.

The steel pipes for the aqueduct are to be supplied by the Italian state steel conglomerate Italsider, the Japanese Nippon Steel, Sumimoto and Nippon Kokan concerns and the West German Mannesman and Hoesche groups.

The new aqueduct is expected *to supply* Riyadh with an additional 800,000 cubic metres of water by 1985-86.

In addition, a consortium of Italian companies has won another major Middle East contract for the construction of a desalination plant to Kuwait. The order is worth some $100m, the state finmeccanica group said in Rome yesterday. Finmeccanicas Ansaldo Meccanico Nucleare subsidiary forms part of the Italian consortium, along with Officine Reggiane and Tonolli.

Israeli trade gap widens 62% to record £1.3bn

BY L. DANIEL IN TEL AVIV

ISRAEL'S trade deficit widened by 62 per cent in 1979 to reach a record $3.15bn (£1.3bn). Imports of goods increased by 31 per cent to a net $7.43bn while exports rose by 15 per cent to a net $4.28bn.

Rises of 29 per cent in industrial exports other than diamonds to $2.5bn and of 22 per cent in agricultural produce to $257.5m were offset in part by a 7 per cent drop, to $1.22bn in overseas sales of polished diamonds.

An improvement was *recorded in the last quarter of* the year as the credit freeze began to be felt. The rate of increase in imports dropped to 37 per cent, while the growth rate of exports was maintained.

Another encouraging sign was the halving of the banks' liquidity deficits, with the commercial banks hardening their lending terms because of higher penalties imposed by the Central Bank.

Some surplus manpower is being trimmed, with unemployment now above 3.2 per cent against 2.5 per cent in the first half of the year.

Demand for service personnel has dropped. This should free manpower for export-oriented *industries. Full utilisation of* production capacity has been restricted in the past by inability to get manpower for second shifts at reasonable rates.

U.S. Air Force deal lifts SNECMA engine hopes

BY DAVID WHITE IN PARIS

A U.S. *air force* contract for Franco-U.S. jet engines has provided what may be a vital breakthrough for the state-controlled French aero-engine concern SNECMA.

The order, worth a modest $13.65m but potentially the starting point for a much larger market, involves the CFM-56 engine, developed on 50-50 basis by SNECMA and General Electric of the U.S. It is to be used to refit part of the USAF fleet of KC-135 tanker aircraft.

The French are counting on extending this contract to several hundred tanker aircraft and are hoping it will lead to a flood of civil orders for its engine, bringing an end to earlier doubts about its viability.

The latest deal marks another round in a battle with Pratt and Whitney, which last month lost its bid to supply engines for Air France's new-generation A310 Airbuses. The final choice for the 15 aircraft which Air France has on order was a General Electric engine which involves participation by SNECMA.

The French company's eyes are now on engine replacement orders for Boeing 707s. It is proposing the CFM-56 as a more economical and quieter substitute for well-used Pratt and Whitney engines.

Even though the engine would not be built into a new aircraft, this would be a major achievement for SNECMA, which until now has been geared to the military rather than the civil market.

Several airlines have opted for the Franco-U.S. engine to re-fit some of their DC-8s, and tests on a B707 *have been going* on since November at Boeing's Seattle base.

● Trans World Airlines has ordered 26 Pratt and Whitney engines for its 10 Boeing 767s, Reuter reports from New York. Pratt and Whitney will suppy the airline with JT9D-7R4D engines for the aircraft, which are scheduled for delivery in 1982. The engine order is worth over $100m.

TWA said it chose the engine over a General Electric CF6-80A.

Mexico supertanker plan

BY WILLIAM CHISLETT AND WILLIAM HALL

MEXICO IS considering establishing its own fleet of super-tankers to carry its rapidly growing oil exports. On present predictions, it could need up to 30 very large crude carriers (VLCCs) of over 200,000 dwt which would involve an investment of about $1.5bn.

The question of Mexico's entry into the oil tanker business *has arisen* after a visit to Mexico City by Sir Yue-Kong Pao, chairman of World Wide Shipping Group, which controls a fleet of over 20m dwt.

Mexico, in common with many oil exporters, relies heavily on foreign tonnage to carry its oil exports, but would like to diversify into the transportation end of the business.

The total Mexican shipping fleet at present amounts to 349 ships of 1.2m dwt. It includes 33 small tankers of 0.7m dwt.

Sir Y. K. Pao discussed the possible expansion of the Mexican fleet with the head of Pemex, the State oil monopoly. Mexico has still not decided whether to abandon its oil conservation policy and turn itself into a big league oil producer.

If it does expand its *oil* production, the development of its own tanker fleet would be a logical move. Other oil producers such as Saudi Arabia and Kuwait each have tanker fleets of over 2m dwt apiece. On the basis of 30 VLCCs, the Mexican fleet could soon amount to 6m dwt.

UK NEWS

Marathon's Brae oil development approved

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT has approved a £700m plan to develop the southern portion of the North Sea Brae Field about 150 miles north-east of Aberdeen.

The authorisation means that there are 26 fields either on stream or under development in the UK sector of the North Sea.

Marathon Oil UK, the operator for a nine-company group with interests in the Brae Field, submitted development proposals in July. Plans include the construction of a steel platform to be installed in 1982. Production is expected to begin in 1983.

The field, one of the most geologically complex oil discoveries made in British waters, lies in block 16/7 in about 370 feet of water. Recoverable reserves in the part of the Brae Field to be exploited amount to about 300m barrels of oil and 150bn cubic feet of saleable gas. Some of the gas produced with the oil will be used for power generation on the platform.

Oil production is expected to reach a peak of about 100,000 barrels a day—roughly 5 per cent of UK oil needs. In addition, about 12,000 b/d of gas liquids will be produced.

Marathon said last night it was in ahe final stages of negotiation with British Petroleum for the transportation of Brae's oil through the Forties Field pipeline system to the Grangemouth terminal in Scotland.

The Government will keep a tight rein on the production profile of Brae. Its initial production consent will last for only four years until 1987. Marathon and its partners must then obtain permission for the next stage of development up to 1990. The sytem of staged consents has been adopted by the Government as a tool of depletion policy and to ensure that each field is fully exploited.

The natural gas produced with Brae's crude oil will initially be reinjected into the reservoir. Mr. Hamish Gray, Energy Minister, said yesterday that the gas would be exploited when a distribution route became available. It is expected that Brae will be linked to a multi-billion pound North Sea gas gathering system now being considered by British Gas Corporation and Mobil.

The South Brae reservoir is just one of a number of identified fields in an around block 16/7. The industry has found it extremely difficult to evaluate the full oil-producing potential because of the complex nature of the reservoirs.

Sor far 13 wells have been drilled on the Brae block and the prospects have still not been fully appraised. It is estimated that the block could contain at least 500m barrels of oil. Some analysts have suggested much higher figures.

Interests in block 16/7 are: Marathon Oil (UK), Marathon Oil North Sea (GB), Bow Valley Exploration (UK), Kaiser Exploration (UK), Sunningdale Oils (UK), Siebens Oil and Gas (UK), Saga Petroleum (UK) LL and E (UK), and British National Oil Corporation. A small part of the field extends into the neighbouring 16/12a block licensed to the Placid Group.

Foreign share purchases up

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PURCHASES OF foreign shares and bonds by British financial institutions rose sharply after the initial relaxation of exchange controls last summer.

Central Statistical Office figures published yesterday show that overseas investment of all kinds by British institutions amounted to about £300m between July and September. This is equivalent to 6 per cent of institutional inflows and compares with totals of roughly £100m in the previous two quarters.

The removal of controls on the purchases by UK residents of shares and bonds in EEC countries was announced in mid-July. The purchases were both of shares and bonds.

The remaining controls on portfolio investment overseas, notably in the U.S., were removed on October 23 as part of the abolition of all exchange controls.

The figures show that net inflows into life assurance companies and pension funds remained at a high level in the third quarter—£2.2bn, compared with £2.26bn in the previous three months.

In the first nine months of 1979 net inflows amounted to £6.76bn, compared with £7.46bn in the whole of the previous year. About half this amount, or £3.39bn, was invested in gilt-edged stocks.

INSTITUTIONAL INVESTMENT
(Life Assurance and Pension Funds)
£m

		Net inflow	Purchases of gilts
1977		6,118	2,949
1978		7,461	3,730
1978	3rd	1,757	905
	4th	1,947	679
1979	1st	2,297	1,023
	2nd	2,263	1,344
	3rd	2,202	1,032

Source: Central Statistical Office.

Total inflows into non-bank financial institutions, including building societies, in the third quarter were £4.62bn, compared with £4.87bn in the previous three months. Of this £1.39bn went into purchases of gilts.

Purchases of UK company shares fell from £570m to £306m, reflecting the state of the stock market. Purchases of property rose from £342m to £358m.

Plymouth site picked for medical project

By David Fishlock, Science Editor

BECTON, DICKINSON, a major U.S. company in the health care industry, will invest about £18m in an advanced manufacturing plant near Plymouth expected to employ about 350.

The Government is providing a regional development grant of £1.25m — the customary 15 per cent of the £9m capital to be invested in the project — plus another £1m as "selective financial assistance." The other £9m, to be found by Becton, Dickinson, will be for working capital, stocks and other costs.

The project consists of a factory of 200,000 square feet to make Vacutainers, disposable syringe-like devices for taking blood samples for medical tests. Becton, Dickinson hopes to be in production at Plymouth's Belliver Industrial Estate in the second half of 1982.

The device will be assembled automatically in a computer-controlled operation which involves advanced systems of quality control and quality assurance, Mr. Wesley Howe, president and chief executive, said yesterday. It is supplied in a sterile medical pack.

The factory will be a world-scale production unit, "larger than we originally intended," he said. He expects it eventually to carry out all the steps in the manufacture of the device, starting with "North Sea gas and English silica sand."

Mr. Howe denied that Government grants were the primary reason for choosing Britain, citing instead Britain's technological base and production skills not readily obtainable in Ireland, together with a more stable currency. The company was also seeking easy access to the Common Market. About 75 per cent of production is expected to be exported.

After some initial misgivings within his board, "the underlying character of the labour relations in Britain seems to us to be good by any standard."

Howe offers hope of improvement in the economy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, yesterday offered the prospect of an improvement in Britain's economic performance.

In a speech to the Finance Houses Association in London Sir Geoffrey was distinctly less gloomy about the medium-term outlook than Mr. John Biffen, the Chief Secretary to the Treasury, who warned last weekend of three years of "unparalleled austerity."

Sir Geoffrey said that the UK faced "at least another year of uncomfortably high inflation and pressures on resources. But I can and do offer the prospect of improvement. We have taken the important steps towards making the necessary changes in the balance of the economy. These will bear fruit in the years ahead."

Monetarism alone was not enough to restore the economy, he said. There must also be moderation in pay settlements if output, investment and jobs were not to be jeopardised.

"We must strive to secure the widest possible understanding of our economic and monetary policies by spelling out to trade unionists, employers and the rest of society, the unemployment consequences of any attempt to overthrow the monetary discipline to which we are committed and which any responsible Chancellor must maintain," said Sir Geoffrey.

Sir Geoffrey rejected suggestions for more direct controls over bank lending. He said there was "in the end no alternative, by means of controls however subtle, to allowing the market to balance itself. In a sophisticated financial system, alternative channels are rapidly developed outside any system of quantitative controls that seeks to constrain the level of credit extended below that demanded at the current level of interest rates."

Referring to the government's forthcoming consultative document on monetary control the Chancellor said: "I hope this will enable us to have a better informed public debate about the best way in which the authorities can influence the banking and monetary systems.

"The notion that we can for any sustained period achieve higher output by increasing Government borrowing and spending is one which has been a principal engine of inflation. The blunt truth is that we can no longer spend our way out of a recession—if we ever could."

Audit of William Press 'a charade' court told

MR. ALEC AYLIFFE, an auditor, told Bow Street Magistrates' Court yesterday that his attempts to audit the payroll of the William Press and Son Ltd. engineering and construction group were reduced to "a charade" because of opposition for the company's northern division.

On the ninth day of a committal proceedings against the company and 11 of its executives, charged with a tax evasion plot, as well as two other men accused of false accounting, Mr. Ayliffe said he told William Press' head office manager in 1976 that the company was involved in a fraud concerning a labour-only sub-contractor in Scotland.

Mr. Aycliffe, who was the company's internal audit manager, said: "I wanted corrective measures taken in other areas. In order to make my point I gave him full details of what had happened in Scotland. I told him there was a sham company in existence in Scotland."

He got the impression from Mr. Paul Wood, head office manager, that he would get his support but it became clear at a subsequent meeting that the management had no faith in the compentence of the audit staff at head office.

Mr. Ayliff said the managers in the northern division had raised objections to an audit he wanted to carry out as soon as they heard he was recruiting staff for the newly-formed audit department at head office. He lost his staff and had to accede to what the northern division wanted.

"The whole audit developed into a charade," he said.

Mr. Ayliffe is giving evidence for the prosecution in the case in which the company and 11 of its executives are charged with a tax evasion plot and two other men are accused of false accounting.

Brokers expect inflation to be checked in 1981

THE MAIN industrialised countries have a good chance of reducing their overall inflation rate to below double figures by the end of this year or the first half of 1981, according to an international review issued by stockbrokers Phillips and Drew.

Governments in the Organisation for Economic Co-operation and Development are showing little inclination towards concerted reflation this year, it says.

President Carter looks likely to hold down the U.S. federal budet deficit to well under 1 per cent of gross national product in the fiscal year ending in Septemebr [illegible] against 1½ to 1¾ per cent [illegible] 1979-80. In Japan and West Germany, there are also no signs of fiscal reflation.

Britain is likely to see a deflationary package of £2bn in the spring to hold down public sector borrowing in 1980-81 to about £9bn. Only Italy seems likely to move against the general deflationary trend. Although the French budget deficit for 1980—at about 1 to 1¼ of GNP—looks likely to widen sinificantly.

Interest rates generally are close to their peak, although a turning point may not be imminent. U.S. rates may rise further in the weeks ahead before establishing a downward trend later in the year.

Yamani speech at Institute of Directors

SHEIKH Ahmed Zaki Yamani, Saudi Arabian Minister of Petroleum, will be a guest speaker at the Institute of Directors convention in London on March 25.

The theme of the convention is "Prosperity or Poverty—the last chance for choice?"

Other speakers will be: Sir Terence Beckett, chairman and managing director of Ford Motor; Mr. Kingman Brewster, U.S. Ambassador to Britain; Viscount Etienne Davignon, Common Market Commissioner for Industrial Affairs; Sir Hector Laing, chairman of United Biscuits; and Mr. John Nott, Trade Secretary.

The institute will announce its plans for the 1980s at the convention.

Engineering figures still dismal

SALES and new orders in the general engineering industries continued to show a "dismal picture" up to October last year, according to figures published by the Department of Trade yesterday.

In the department's magazine, *British Business*, it was said that the industry showed no sign of recovery at the end of October, from the industrial disputes which affected the sector throughout August and September and continued into the first week of October.

Total sales fell by 10 per cent (seasonally adjusted) during the months August to October, compared with the previous three months with exports falling by more than 11 per cent.

However, the department said that unlike home new orders the trend of new export orders turned up in September. This, it said, appeared to be the only genuinely encouraging element in the present situation.

"This," said the department, "has had no impact upon the trend of export orders in hand as yet, but a steady upward movement is visible in the seasonally adjusted series for orders in hand over the latest three months."

Change our poor status, says Dell

BRITAIN'S ROLE in the European Community "has been less constructive than it should have been because of our economic weakness. For that we have no one but ourselves to blame." declared Mr. Edmund Dell, Trade Secretary in the last Labour Government, and now chairman and chief executive of the Guinness Peat Group, in London last night.

"It is hardly the most stirring battle cry with which to move Europe to proclaim, as our leaders so frequently do, that we are not the third poorest member. If we are, let us rectify it, not exploit it," he told the London Stock Exchange in a lecture, "Priorities for Europe."

"Moreover, it is understandable if some of our partners point to our energy resources as undermining the urgency of that particular claim."

Lakes inquiry

LAND around Ennerdale is being affected by leaking water pipes, the two lakes inquiry at Whitehaven—in its seventh day—was told by local objectors.

Mr. James Rickerby, an Ennerdale farmer, said: "The pipeline is leaking from every joint, and it is flooding areas of my land."

Games review

The BBC and IBA will act jointly in reviewing their planned coverage of the Moscow Olympic Games if it becomes necessary. "This review would take account of any changes in the nature of the Games or of British participation in them," they said

OBITUARY

Sir James Woodeson

SIR JAMES Woodeson, who died on Wednesday night, was chairman of Northern Engineering Industries, the company he was instrumental in creating in 1977.

Sir James Woodeson

He had served on the Board of one of the two major companies which formed NEI, boilermakers Clarke Chapman, since the age of 21: He joined it at 16 after an education at Oundle. His father, William Woodeson, had been chairman for some years.

Sir James remained with Clarke Chapman throughout his life, except for service with the Royal Artillery from 1939-45. He was wounded and imprisoned during the war, but was repatriated due to the severity of his wounds. He later served in the Special Operations Executive and was awarded the OBE.

He returned to Clarke Chapman on demobilisation and was made chairman in 1949. In the late 1960s and early seventies, he presided over a series of mergers and acquisitions of crane, bridge building and structural engineering companies Two of the largest of these was the acquisition of the West Midlands company of John Thompson, and the UK manufacturing interests of the U.S. company, International Combustion.

He became a director of the Newcastle company, Reyrolle Parsons—a turbine generator and switchgear company—and was appointed chairman in 1974. The two companies, which worked together closely on a number of power plant contracts were seen as natural allies.

But the companies formally joined only in 1977, when, prompted by the then Labour Government, a merger was proposed between Clarke Chapman and the Renfrew-based boilermaking division of Babcock and Wilcox, and between Parsons and the General Electric Company's turbine generators division.

Though the Babcock/Clarke Chapman merger was all but agreed, the Parsons unions, backed by the powerful group of Labour MPs in the north-east, refused to countenance GEC control believing that largescale redundancies would follow. Thus NEI remained independent of other links and has managed to survive over the past two years with relative success.

Sir James was given much of the credit for making the new company widely known, especially abroad. It received substantial domestic power plant orders and is attempting to show equal success in overseas markets.

Leading figures in the two other power plant companies yesterday spoke of Sir James' personal kindness and courtesy and commended particularly the straightforwardness of his business dealing. While there naturally remains doubt among competitors that the NEI merger was the correct solution to the problems of the UK's power plant industry, all agreed that Sir James pushed it through forcefully and achieved significant success.

Sir James was awarded the CBE in 1972 and a knighthood in 1976—both for services to exports. He is survived by Lady Woodeson.

Silver and jewels are top Sotheby's attractions

TWO SALES at Sotheby's yesterday showed the impact of the greater interest in precious metals—silver sold for £41,633, with less than 1 per cent bought in, and jewels £179,470, with 2.5 per cent bought in.

The silver sale total was about 40 per cent above expectations. Top prices were the £1,850 for a George III oblong inkstand and £1,550 for a George IV three-piece tea set and matching coffee pot.

Best prices among the jewels were the £12,500 for a diamond ring with a stone weighing 4.52 carats; £10,000 for another diamond ring, and £8,500 for a third with a 3.55 carat stone.

An album of watercolours of Indian flowers, butterflies and other insects sold for £1,400, way above forecast, in a sale of drawings and watercolours. A portrait in pastels of the Tanner family, by James Sharples, realised £650.

Oak, pewter and metalwork sold for £95,915 at Christie's, with Ivy House, a Derbyshire dealer, paying £4,400 for a large refectory table, catalogued as "basically 17th century." A drawer leaf refectory table sold for £3,800; a mid Georgian oak bureau cabinet for £2,700, and an 18th century dresser for £2,600.

In the Christie's, South Kensington sale of lead soldiers and Dinky toys the total of £9,074 was above expectations. A group of 45 Dinky and Super toys made £240 and Britains RFA gun team, with four seated men, sold for £190.

Jacob and Esau, an oil sketch by Rubens, which has been accepted by the Treasury in lieu of capital transfer tax, is to be allocated to the National Gallery of Scotland.

Edmund Penning-Rowsell writes: The first fine claret sale at Christie's for two months showed that the downward trend in prices evident last year is continuing, though not dramatically. After rising further in the first half of last year, prices have returned to the top levels of 1978. Some, particularly the first-growths, which are always the subject of speculation, are currently lower

SALEROOM
BY ANTONY THORNCROFT

Lafite '61, which last year rose from £660 a dozen to £840, was back to £620, and Cheval Blanc made £500, compared with £540. Among the '66s were the top 1978 prices in brackets. Petrus went for £500 (£600), Lafite £300 (£330), Moutin-Rothschild £260 (£290) and Latour £240 (£220).

Lesser class growth '66s and '70s showed relatively smaller declines, and were at much the same levels as 12 months ago, but still noticeably below last year's best. However, with no lack of foreign and home trade buyers, there was no reluctance to bid and nearly all lots were sold.

The day's total for the sale was £90,060.

Why is Britain's Society of Motor Manufacturers and Traders going to Mexico to help the sales of French, Italian, German and Communist car manufacturers?

A delegation from the Society of Motor Manufacturers and Traders will be flying to Mexico soon to meet the Japanese Automobile Manufacturers' Association.

They intend to pressurise JAMA yet again in order to obtain restrictions, for the *fifth* successive year, that will perpetuate for Datsun UK and their 400 dealers difficulties with cash flow problems, with levels of employment and with stock to supply customers in Britain.

Since 1975, other importers from France, Germany, the Communist Bloc and anywhere else have been laughing up their sleeves at the restrictions on Datsun and other Japanese manufacturers, and have been pouring cars freely into Britain.

As a result, imported cars now account for almost 60% of the UK market instead of 30% five years ago. And *still*, it is the Japanese who are used as a scapegoat, even though their market share has stuck rigidly around the 10%—11% mark, while other imports have taken off like a rocket.

So, what mandate does the SMM&T have to go to Mexico this January?

They ignore completely that the policy of the former administration, to use Japan as a diversion for their economic problems, is no longer fashionable. We have a new Government and new policies in operation.

1. This Government has stated many times that they believe in free trade and in freedom of choice.

QUOTE: *"... the UK Government has not been involved, nor is there any numerical restriction imposed by the Government on the imports of Japanese cars."*

2. The Motor Agents' Association, which represents 19,000 garages in Britain thinks it is time to be realistic. That stance has been endorsed by a committee of members representing *every* make of car from Austin/Morris to Volkswagen.

QUOTE: From their Director General, Mr. Alan Dix: *"Since the Government has now categorically stated it is not involved in restrictions on Japanese cars, it is time for the SMM&T to sit down with JAMA and find a way out of the impasse which is affecting the livelihood of thousands of people who sell and service Japanese cars in Britain."*

3. Prominent Members of Parliament see the futility of the present situation.

QUOTE: *"... it is pretty obvious now that the major threat on imports comes from Europe."*

QUOTE: *"... there is not much point in restricting Japanese imports merely in order that the British market can be flooded with Fiats, Renaults and Volkswagens."*

Yet that is precisely what the SMM&T flight to the sun is going to achieve. Travelling with them, at the taxpayers' expense, is a top level representative of Leyland. They are asking for assistance for a fifth successive year to promote the higher penetration of French, German, Spanish and other imports!

If they were really concerned to help the British economy and to aid the recovery to full health of BL, they would inevitably have asked for friendly co-operation and understanding from manufacturers on the other side of the Channel. The Common Market regulations even have in mind such co-operation. Bearing in mind the reaction on lamb and fish, they may not have obtained the co-operation but at least it would have been worthwhile to try.

They have not done so. They would rather allow 750,000 cars from France, Germany, Italy, Spain etc. to flood the market, paying no duty at all, than to allow Datsun the 15,000 cars that are desperately needed to build up our depleted stock to the minimum level accepted throughout the motor industry, and to satisfy our customers.

We have advised the SMM&T again and again that if cars were not shipped to enable us to build up stock in January and February, sales would automatically go to other importers from the EEC, and not to BL. And that is precisely what has happened. Datsun registrations this month are half their normal level at a little over 3%, the Japanese total is only 7% and yet imports once more account for 60% of the market with Renault and VW the highest they have been for years. BL's market share is currently less than 16%.

When we asked the SMM&T to help our situation by approving shipments of our 1980 allocation in December rather than January, they replied that "the Society could not take any action on the lines you requested."

They really don't see the wood for the trees. And they continue to kick Datsun even though we are members of the SMM&T and pay a very substantial fee to belong to their "Club."

They should study the facts more closely. And so should BL.

Since 1975, when we were first asked to restrict imports, this has happened.

SHARE OF UK CAR MARKET

	1975	*1976*	*1977*	*1978*	*1979*
BL share	30.88%	27.43%	24.33%	23.48%	19.68%
Imports	33.23%	37.94%	45.38%	49.32%	56.28%
EEC Imports	20.34%	24.99%	31.14%	32.81%	38.20%
Japan	9.04%	9.44%	10.61%	10.96%	10.78%
Other importers (EFTA, E. Europe etc.)	3.85%	3.51%	3.63%	5.55%	7.30%

Where would YOU say BL's lost market share has gone?

In the last three years alone, importers from France, Germany and Italy have increased their sales substantially, *and* announced their targets for 1980.

	Sales 1977	*Sales 1978*	*Sales 1979*	*Target 1980*
Renault	55,900	69,600	93,500	125,000
Volkswagen	46,000	63,200	76,300	100,000
Fiat	66,000	72,200	70,600	100,000
Peugeot	22,600	31,300	38,000	60,000

So, why is BL going to Mexico?

(a) They claim there is "a tremendous but lessening, imbalance in trade between Japan and Britain." So there is. There is a tremendous, and *worsening*, imbalance of trade with a dozen countries. The situation is much worse with Germany, France, Italy etc. than with Japan.

IMBALANCE OF TRADE
UK DEFICIT (11 months 1979)

West Germany	£1,532 million
Italy	959 million
France	953 million
U.S.A.	876 million
Japan	831 million

Britain's deficit with Japan represents only 1.86% of our total import bill on visible trade. What is *not* shown is that this deficit is very substantially reduced by a favourable balance on invisible trade with Japan, which is certainly not the case with Germany, France etc.

If, for cosmetic reasons, it is thought necessary to improve the balance, it could be done in the same way that the figures with Germany, France and other countries were, 'improved' by selling North Sea Oil, which the Japanese would be very eager to buy.

(b) To justify the anti-Japanese stand which they take, the SMM&T and BL say that sales of British cars are much better in Europe than in Japan. The facts do not substantiate that.

If we look at the major European manufacturing countries we see that Germany exports 25 cars to Britain (and expensive cars at that), for every one they import from Britain: France exports 11 for every one they import; Sweden exports 52 for every one they import; Italy exports 7 for every one they import; Spain exports 44,000 and imports nothing!

The fact is that British cars have 0.6% of the West German car market, and Germany has 13.6% of the UK market; Britain has 1.5% of the French market and France have 11.5% of the U.K. market, and so it goes on.

Then there are these facts to note:

FACT: BL sells *MORE* Jaguars in *Japan* than in either France, or Italy, or Belgium, or Holland, or Switzerland, or Sweden! And only 30 less than it sells in West Germany!

FACT: Britain sells *MORE* cars to *Japan* than it sells to European countries like Austria, Norway, Finland or Sweden, and almost as many as to Switzerland and Denmark.

FACT: With major car producing countries of Europe our import/export figures are these:

1979 (11 months)

	Sweden	*West Germany*	*France*	*Italy*	*Spain*
They sell us:	40,396	285,855	198,313	96,603	44,190
We sell them:	778	11,235	18,096	14,103	NIL

(c) They represent, incorrectly, that EEC manufacturers use UK sourced components in their cars while Datsun do not.

	Cars sold in UK 1979	*UK components used*
Renault	93,468	NIL
Fiat	70,626	NIL
Peugeot	37,980	NIL
BMW	14,058	Insignificant
Mercedes	7,914	Insignificant

By contrast, Datsuns are all supplied with Dunlop tyres made by a Company which is 50% British, they use British upholstery, British seat belts and other UK components to a total of around £10 million a year.

It must be impossible to try and continue for a fifth successive year to fool anyone into believing that further restrictions on Datsun are the way to help BL or the British Motor industry to recover when other importers have such high sales in the UK market, and such massive plans to expand. Unlike European importers who are taking the maximum advantage from the situation to push cars into this country, Datsun UK has undertaken publicly that there are no plans for major expansion. All we have asked the SMM&T is to be allowed to build up our stock to normal operating levels so that we do not continue to jeopardise our dealers and their employees to the sole benefit of other foreign importers.

Instead, they use our subscription funds to continue to manipulate JAMA to obtain these unfair restrictions and then do not have the courage to say they have done it. A letter from the SMM&T to Datsun states categorically "the Society is not involved in any negotiations or agreements on specific levels of shipments."

Is it not time to stop this charade?

The SMM&T's actions are not helping the British economy, they are not helping BL to recover, they are not helping Japanese importers and dealers who are members of the Society and they are not helping the customers in Britain.

And the SMM&T know that as well as we do.

So again we ask, why on earth are they going to Mexico?

Datsun Dealers' Associations and Datsun U.K. Limited

NEW ROAD, WORTHING

The data given in this advertisement was obtained from: 1. SMMT; 2. Overseas Trade Statistics UK 1979; 3. Datsun UK; 4. Motor Manufacturers and Importers

Labour wants insider gains 'disgorged'

BY ANDREW FISHER

LABOUR intends to press for a toughening of the measures against insider dealings in the new Companies Bill when the report stage is reached in Parliament late next month.

The move will form part of the various amendments which Labour will table during the debate on the bill, which is expected to receive the Royal Assent and become law by Easter.

Although the bill makes insider dealings a criminal offence for the first time, Mr. Stanley Clinton Davis, Labour's chief spokesman on company law, said it does not go far enough in this area.

Those benefitting from the use of inside information should be made to hand back the proceeds once discovered and prosecuted, he added. "I don't see why a person shouldn't have to give up his ill-gotten gains."

Labour will accordingly move an amendment on "disgorgement," the term used for such repayments, and also propose that civil as well as penal action against insider dealers be provided for.

Mr. Clinton Davis, a former under-secretary of state at the Department of Trade, said Labour wanted more inspectors to be appointed at the department to help to crack down on insider dealings. The government has denied the need for this.

Labour will also ask for an amendment making holding companies responsible for their subsidiaries' debts, unless they have issued a previous disclaimer.

Waiting for the Cork committee on insolvency law to report, as the government has already decided, would take too long, he added.

The opposition hopes the clause laying down that companies should have regard for employees' as well as shareholders' interests extended to give members of the workforce some right of action if necessary.

These matters were all aired during the bill's committee stage, which ended last month, but Mr. Clinton Davis said the opposition felt that new, complex clauses had been introduced too rapidly.

"There is no question that we are attacking the government on the bill's principles, but we shall be raising issues on detail," he said. The previous Labour government's own legislation, extending the main 1948 and subsequent companies acts, foundered when it lost the last general election.

Another Labour amendment will seek to allow shareholders formally to register their disapproval of political party contributions by companies. Mr. Clinton Davis, who is member for Hackney Central, said the government had also not gone far enough in guaranteeing the rights of minority shareholders.

Call for worker consultation

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CALL for the Government to introduce legislation requiring all companies to introduce systems of employee communication and consultation was issued last night by Mr. Geoffrey Chandler, director-general of the National Economic Development Office.

He said that the "human foundation of industry" had to be tackled to improve the performance of individual companies.

"I am now convinced that nothing short of legislation will provide what is required, and I strongly advocate such legislation," he told the Aberdeen Chamber of Commerce.

The legislation should concern itself with the "broad objective of setting up consultative and information systems in every company in the land."

This is the second time in the past few months that Mr. Chandler has delivered speeches which are not in line with the Government's policies. Last autumn he said that the Government should develop a positive industrial strategy which would include a considerable degree of State intervention.

Last night he said that the Government should provide selective financial assistance to industry and stimulate new investments.

The Government should help "[illegible] infant industries which [illegible] sufficiently developed for the market mech[illegible]." He mentioned areas of [illegible] and opto-elec[illegible] as examples.

His call for legislation on employee participation is not in line with the Government's [illegible] although Mr. James Prior, [illegible] Secretary, would [illegible] to introduce [illegible]

Local authorities unite to fight block grant plan for rates

BY ROBIN PAULEY

CONSERVATIVE and Labour members of the Association of Metropolitan Authorities united yesterday to fight the Government's plans for a new block grant system in the Local Government Planning and Land Bill due to be published today.

The Conservative-controlled body representing major cities in England and Wales and the London boroughs decided to continue the battle against block grant although Mr. Michael Heseltine, Environment Minister, has so far rejected all its arguments. The AMA will try to obtain amendments to the Bill as it passes through Parliament.

"We shall be meeting the Minister again on Tuesday and we shall be approaching our vice-presidents in Parliament. I beg and plead with very individual member authority to lobby their own MPs. It is truly important," Sir Geoffrey Taylor, chairman, said.

Mr. Jack Smart, leader of the association's minority Labour group, supported Sir Godfrey's call, saying local governments faced greater difficulty than ever before.

Original

The original Bill was introduced in the Lords last year but hastily withdrawn after strong protests that so important a piece of legislation must be introduced in the Commons. About 70 deletions have been made, but the principle of block grant remains in the new Bill.

It would replace the rate support grant system with a system of assessing each authority's needs, either by formula or by a compilation of the costs of providing services.

A standard rate would be levied by each local authority. Block grants would make up the gap between rate revenue and the authorities' spending estimates.

All the local authority associations are Tory-controlled, but strongly opposed to the plan. "The Government will specify the actual level of expenditure and the actual level of rate to be levied by each individual authority. That is the danger," Sir Godfrey said.

Happier

He was happier about the changes to the sections of the Bill dealing with control of capital expenditure announced earlier this week by Mr. Heseltine. They would produce greater freedom for local authorities to vary, within their total limit, the areas on which they spent their money.

"However, there are still features which give us concern including the power for the Secretary of State to give directions to individual local authorities and to exercise a positive control," he said.

Sir Godfrey also agreed to press the arguments against the present notional rate poundage figure when he meets Ministers on Tuesday.

The Bill will allow the Secretary of State to penalise local authorities which exceed the set rate level. The present notional figure, set by Mr. Heseltine last year, is 119p. So many authorities—a lot of them Tory—are expected to exceed this figure that it looks to be completely impractical. A leeway of 10 per cent is now likely, bringing the notional figure up to 131p before penalties are considered.

BREAKFAST TV MAY BE INTRODUCED

IBA seeking bids for new regional contracts

BY ARTHUR SANDLES

INDEPENDENT Broadcasting Authority plans for commercial television in the 1980s include the possibility of a national breakfast time television system. While keeping to the present basic 15 company, 14 area system there are changes to some contract areas which are now open to bids.

Lancashire, currently held by Granada, will have its area reduced. The Midlands, now ATV, will be divided geographically, with one company having to provide separate identity services in the east and west. A similar system will be introduced in the south where coverage will grow with the acquisition of the Medway towns from London.

The introduction of dual coverage areas in the Midlands and the South will mean that any future contractor will have to provide extensive studio facilities in both parts of their areas. This system is currently in use in Wales and the west country.

The IBA appears to have given a clear indication that Trident Television cannot continue to hold both Tyne Tees and Yorkshire while in London the weekend contractor will get a two-hour earlier start on Friday evening.

Higher rental

Rental fees are to be increased considerably, even in current price terms. The London weekday TV channel — now operated by Thames — will have to pay £6.2m a year against the present £4m. It might also have to subscribe £1.1m a year to the fourth channel — a project to which there is very little reference in the IBA proposals,

Particulars of the contracts are being issued by the IBA in advance of the Government Bill which gives the authority legal powers to go ahead. But, with only 23 months to go before the new franchises start, the Home Secretary has given the IBA the green light to advertise for bidders.

Detailed particulars of the six year contracts are available to applicant groups. The closing date for applications will be May 9. Advertisements will appear from next Thursday.

The authority hopes to award its new contracts at the end of this year, to give contractors a further year to complete their arrangements. This assumes that the necessary legislation is passed.

Contract particulars provide for subscription from the contractors for the financing of the fourth channel, which the IBA hopes will be on the air at the end of 1982.

The establishment of the Midlands and the south of England regions as "dual regions" is one of the major changes. The companies appointed for these regions will be "expected to recognise their regions' dual nature in their Board structure and supervisory management and posssibly in their shareholding."

Message

This message from the IBA clearly has considerable implications for ATV and Southern as they prepare their bids to retain their contracts.

"At the new studio centres the authority will require the appointment of adequate executive staff of sufficient strength and status to ensure a satisfactory service of local programmes, independent of the rest of the company's output, as well as those intended for wider showing," said the IBA.

In terms of specific areas there are a series of transmitter changes which will affect the numbers served by any particular franchise area.

The main Bluebell Hill transmitter, which primarily serves the Medway towns, will switch from the London region to the South and South-East England region. The Borders area will gain from the reallocation of relays at Coniston, Grasmere, Kendal, Windermere and Sedbergh from the existing Lancashire region, which will in future be called the Northwest region.

Relays at Cornholme, Todmorden, Walsden and South Walsden will be moved from the existing Lancashire region to the Yorkshire area, and the west of England region will take over the relays serving Marlborough from the south.

No guarantee

As far as breakfast-time television is concerned, the Authority says it is prepared to consider applications, but it gives no guarantee that such a contract will ultimately be offered. If there were such a contract, it would apply from 6 am until 9.15 am. The IBA thinks broadcasting would normally start at around 7 am and programmes would be transmitted every day of the week, including Sunday.

The contract would be for a service consisting primarily, but not exclusively, of news, information and current affairs. The IBA also says applicants will be asked questions about what their relationship, if any, would be with ITN and what ideas they might have to introduce regional elements into the service.

"Any breakfast time contractor would have to pay a realistic rental to the authority —at least £500,000 to start with —subject to variations at two yearly intervals in the light of results."

The breakfast time company, however, is not likely to have any part to play in the fourth channel and would not have to pay towards its cost.

The authority intends to hold a series of public meetings throughout the country during the latter half of the year at which the public will be asked to comment on published applications.

Redifon wins £25m Boeing contract for simulators

BY LYNTON McLAIN

REDIFON SIMULATION of Crawley has won a £25m contract to supply flight simulators to the Boeing Commercial Airplane Company of Seattle for its entire family of airliners for the 1980s.

The order calls for 10 simulators for pilot training to be supplied to Boeing for the new B757 and B767 airliners for installation in mid and late 1982 as well as for the existing Boeing 727 and B737 airliners.

It brings Redifon's order book to £80m, of which 80 per cent is for export.

Mr. John Yeomans, the managing director of Redifon Simulation, said yesterday in London that the order was easily the biggest ever placed for civil flight simulation equipment.

ment. The contract over the next three years will account for a quarter of Redifon's simulator production.

The order, which was won partly on the basis of Redifon's performance in delivering on time and on specification last year a flight simulator for Boeing's 747 jumbo jet, makes Redifon Simulation the first company to be asked to simulate the entire Boeing family of airliners for the 1980s.

Mr. Yeomans said the B747 work—completed in 21 months against a "normal" period of 24 months from order to installation—established Redifon's integrity with Boeing. "We have won this contract because we have the technology and engineering skills to build the best flight simulators in the world."

Redifon Simulation, the largest manufacturing subsidiary of the Rediffusion Group, faced competition for the orders from the Link Division of the Singer Company of New York State and from CAE of Montreal, the western world's other major simulator makers.

Group Captain Hugh Dundas, chairman of Rediffusion, said the order was a tribute to British technology in a field where technology is "at the very highest level."

APPOINTMENTS

Reshuffle at Wilkinson Match

FOLLOWING THE reorganisation of Wilkinson Match's UK consumer product businesses to combine the strengths of Wilkinson Sword and Bryant and May under one operating Board, Mr. R. H. Armitage, formerly managing director of Bryant and May, the match subsidiary of Wilkinson Match, assumes the position of deputy managing director, UK REGION CONSUMER PRODUCTS. Mr. P. J. Walker becomes financial director, and Dr. M. D. Sanderson planning director.

In marketing and manufacturing: Mr. G. D. Middleton is appointed group manufacturing director; Mr. I. W. G. Brook, group marketing director (lights); Mr. D. R. Gatley, group technical director; Mr. D. R. Taylor, group marketing director (personal products); and Mr. B. J. Stacey, UK marketing director (hardware and housewares).

Other appointments include: Mr. P. D. J. Jolliffe, UK export director; Mr. P. J. Baker, UK supply director; Mr. C. R. Milbourne, UK personnel director; Mr. M. C. Downey, financial controller UK region consumer products; Mr. N. F. Nicholson, operations director UK region consumer products and UK packaging; and Mr. A. L. Vosper, group project controller. See Company News on Page 18

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Mr. Geoffrey E. J. Gregan has been appointed chief executive of the E. ALEC COLMAN GROUP OF COMPANIES.

*

Mr. John A. Colling, managing director, Wright Air Conditioning (Birmingham) and Mr. Kennedy F. Dalton, managing director, Wright Air Conditioning (Scotland), Glasgow, have both joined the board of the holding company. At Wright Air Conditioning (Northern), Leeds, director and general manager, Mr. Eddy Dalton, has been appointed managing director. Mr. Christopher J. Harris, director, has been appointed managing director of Wright Air Conditioning (London), Lewisham. Mr. Alan McLaren, who joined the company as sales manager in 1977, becomes sales director. Mr. Alan Hayward, service manager since 1978, has been appointed to the board of Wright Air Conditioning (Birmingham).

*

At MELLON NATIONAL CORPORATION five senior executives have been made directors and members of the office of the chief executive for both the Corporation, the Pittsburgh-based bank holding company, and the Mellon Bank, N.A., the principal unit of the corporation, effective immediately. Mr. J. David Barnes is president of the Corporation and the Bank, succeeding Mr. Curtis E. Jones who retired on December 31, 1979; Mr. Barnes will succeed as chairman and chief executive officer upon the retirement of Mr. James H. Higgins in February, 1981. Mr. George T. Farrell is vice chairman of the Corporation and the Bank. Mr. Ralph B. Gilpatrick, Jr. is vice chairman of the Corporation and the Bank. Mr. Silas Keehn is vice chairman of the Corporation and the Bank. Mr. G. Christian Lantzsch is vice chairman of the Corporation and the Bank.

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BUSINESS RISK AND INSURANCE MANAGEMENT COMPANY (BRIMCO) has appointed Mr. David Thirkill as executive officer in charge of captive reinsurance management. Mr. David Goodman becomes vice president.

*

Mr. J. H. Pattisson, Mr. A. J. P. Simon and Mr. C. W. M. Wilson have been appointed to the Board of HUME INVESTMENT TRUST COMPANY.

*

Mr. J. M. Whisker has been promoted to the new post of director and general manager of FENNER INTERNATIONAL. Mr. M. J. Storey and Mr. G. R. Hart have also been appointed to the Fenner International Board.

*

PIDGEON DE SMITT, stockbrokers, has formed an associated company, Pidgeon Financial Services, of which the directors are—Mr. J. H. T. Barley (chairman and managing), Mr. J. S. Booth (executive), Mr. R. L. Hicks (executive), Mr. G. A. Aldridge, Mr. R. E. Evans, Mr. D. W. Gibbs, Mr. P. M. Leslie-Smith, Mr. A. D. Read and Mr. E. J. T. Hawkins (secretary).

*

Mr. Tom Pollard has been appointed works director at ACROW (ENGINEERS).

*

Mr. J. Michael Dorr has been appointed sales director for MASSEY - FERGUSON INDUSTRIAL MACHINERY.

*

At J. H. MINET AND CO. Mr. J. H. Howes becomes managing director, production and marketing. Mr. R. E. Stedman, Mr. M. B. Brooks, Mr. P. H. Foster, Mr. J. T. Gore, and Mr. B. J. Hayes become divisional chief executives. Mr. C. R. Dixey becomes managing director, marine division, and Mr. J. Hyem, managing director, benefits division. Mr. M. R. Lawrance has been appointed finance director and Mr. E. G. Denman, deputy chairman.

*

GENERAL ACCIDENT's marine and aviation department has made the following appointments: Mr. R. R. Potter, deputy underwriter (marine) and Mr. D. J. Turner, assistant marine underwriter.

Employment Bill 'will be used against workers'

BY OUR LABOUR STAFF

THE GOVERNMENT'S Employment Bill will have highly damaging consequences and was designed as a "stick" to be used against workers, Mr. Ken Graham, TUC assistant general secretary said yesterday.

It would undermine the TUC's own rules for sorting out inter-union disputes, remove many established rights of individuals and would disrupt the harmonious industrial relations that existed in many companies.

Speaking at the Institute of Personnel Management conference in London yesterday Mr. Graham said individuals who opted out of union membership altogether or switched from one union to another would remove the foundations of the TUC's principles for trying to maintain stable trade union structures.

Employers and unions would be increasingly dragged by individuals before tribunals and the courts as a result.

Mr. Graham said that by offering ballot subsidies in clause one of the Bill, the Government thought it was dangling a "carrot" in front of the unions.

"But the union movement knows," he said, "that the 18 clauses of the Bill are, in fact, a 'stick' to be used against workers, unions and sensible employers.

"People will come to see this just as they now see the truth behind the Government's economic policy, where the cuts in social services, soaring inflation and rising unemployment came after a sweet dose of income tax cuts."

There had been secret ballots in unions for many years, said Mr. Graham and the TUC supported and advocated the principle of ballots at the discretion of unions. There was certainly a place for ballots but they were not desirable in all circumstances and were not without their difficulties.

"However, this so-called Employment Bill is not about ballots. Nor is it about providing jobs for the growing number of unemployed or improving conditions at work," Mr. Graham said.

"It would remove many established rights of individual employees — about one million have already had their protection against unfair dismissal taken away by government regulations.

"The Bill will also remove legislation introduced by successive governments over the last 40 years to protect individual workers against unscrupulous employers who undercut fair wages paid to workers doing the same job elsewhere."

● Mr. Pat Lowry, personnel and external affairs director of British Leyland, said the repeal of Schedule 11 of the Employment Protection Act would lead to increased fragmentation of collective bargaining particularly in industries like road haulage. There was a strong feeling of concern about the move among management.

● Mr. Astley Whittall, chairman of the CBI's Employment Policy Committee, said he was personally sceptical about the 80 per cent vote required under the Bill's provision for implementing closed shop agreements.

Teachers turn down 6%, but talks go on

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

TEACRERS' UNIONS have rejected a pay offer of 6 per cent, made in reply to a claim for an interim increase of 10 per cent.

The unions, which represent 482,000 teachers in England and Wales, rejected the offer in talks with employers yesterday, but both sides continued to negotiate in further talks last night.

The claim was tabled after the Clegg Comparability Commission told the unions that it could not produce its first report on teachers' pay this month, as expected.

A job-evaluation study ordered by the commission, whose results are published today in the Times Educational Supplement, concludes that the work demands on teachers are generally greater than those on managers or specialists in industry.

The rankings, based on comparisons between 20 representative teaching posts and 40 jobs in other sectors, place head teachers of the four largest groups of secondary schools above an industrial chief engineer. Other secondary school heads are ranked above a Civil Service principal, who is in turn ranked above a company financial director.

The rankings made by the three panels covering college, secondary, and primary teachers in England and Wales, showed a high similarity with the rankings drawn up by the three corresponding panels of judges concerned with Scottish teachers.

The job-evaluation was done by a method used by the AIC Inbucon management consultancy for nearly 15 years. This is said to rule out collusion between the judging panels, each of which consisted of five union representatives, five from the local authority employers, and three 'independent' assessors.

The pay and other benefits of the different jobs were not taken into account by the judges, who drew up the rankings solely on the "size" of the jobs in terms of their demands on the person doing them.

But the result is said to have embarrassed the Clegg Commission, because when pay and "perks" are taken into account, the ranking indicates that whereas some teachers should get a 70 per cent rise, others should receive little, and a few should have their pay cut.

Manpower Commission urged to reject cuts

BY PHILIP BASSETT, LABOUR STAFF

day urged the Manpower Services Commission to refuse to implement the cuts in services which will result from the Government's plan to cut the Commission's staff by 12.7 per cent over the next two to three years.

The commission is to meet on Monday and is expected to decide finally on the implementation of the cuts which were announced last December as part of the Government package to reduce Civil Service staffing levels by a further 40,000.

Officials of four Civil Service unions yesterday pressed the commission to resist the cuts which they said would directly hit steel, shipbuilding and other industries already suffering from redundancies. They particularly needed the commission's services, said the unions.

Some officials suggested that by agreeing to the implementation of the cuts the trade union-appointed members of the commission might consider resigning—though the Civil Service unions seem unlikely to ask them to do so.

The unions said the projected cuts would seriously reduce the ability of the commission to maintain the level of assistance given to the unemployed and those seeking work.

One official suggested the Government might scrap its job release scheme which provides for early retirement by workers if their employers take on someone from the unemployment register in exchange.

Meccano workers may allow management back

MANAGEMENT representatives of Airfix Industries, the parent company of the Meccano toy plant occupied by the workforce since it was closed down eight weeks ago, may be allowed back temporarily into the factory.

The shop stewards met yesterday to hear reports of the joint meeting in London on Wednesday between the Airfix board and the unions. They then decided to call a mass meeting of the 940 workers on Monday to recommend that management should be allowed back to check the records.

Mr. Mike Egan, district officer of the General and Municipal Workers' Union, said last night: "They will assess the up-to-date position as far as any takeover is to be negotiated, and draw up details of the relevant redundancy terms and outstanding holiday pay.

"It will be up to the workers whether or not to accept this request from the management but we have a feeling that time is now running out. Unless a buyers is found before the deadline of February 28, production of Meccano sets and Dinky toys we feel will be moved elsewhere."

Alan Pike looks at the strikers' attitudes to a settlement

Pickets' 20% cries haunt union leaders

HECKLING AND cries of "20 per cent" greeted Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, at a Sheffield rally this week when he voiced his hopes of negotiating an honourable settlement to the national steel strike.

Some, at least, of the types of steelworkers who march through snow to rallies received the word "honourable" as a disguised synonym for "sell-out." Such views do not necessarily represent majority opinion. But, now the British Steel Corporation and some of its unions have been brought together for exploratory talks, a new central question is raised. What would the steelworkers, called out three weeks ago over a "derisory" 2 per cent offer, now regard as an acceptable settlement?

Union leaders made it clear at the abortive peace talks led by Mr. Len Murray, TUC general secretary, soon after the strike started that 13 per cent was their base line—although this did not find universal favour with local strike leaders. Mr. Sirs himself raised the spectre of 20 per cent when, soon afterwards, he toured Teesside picket lines and gave a warning that attitudes were hardening.

Visiting some of those picket lines this week, it is clear that attitudes are hard among the activists who put the most personal energy into running the strike. Mr. Sirs' reference to a settlement of about 20 per cent has not been forgotten on the picket lines — instead it has been firmed-up into a strong demand. "Twenty per cent" is thet frequent, staccato reply when pickets are asked what they are seeking from the strike.

As strike leaders are aware, however, only a minority of strikers are taking an active part in picketing. Most spend the period of enforced idleness at home, and their minimum conditions for an acceptable settlement are much more difficult to predict.

Mr. George Teale, vice-chairman of the strike committee at Scunthorpe, is satisfied that he and other strike leaders are in touch with their members when they voice the 20 per cent demand.

"We are calling branch meetings every week. Attendance is good, as you would expect—this is the big issue for all of us. When we say the steelworkers want 20 per cent we are speaking for our members in a traditionally non-militant area. This is genuine feeling and we will expect our negotiators to take it into account if peace talks resume."

Not everyone agrees. One Scunthorpe Iron and Steel Trades Confederation member, Mr. Rodger Cuckow, believes that workers in the town would be prepared to go back on the basis of BSC's proposals which were rejected by Mr. Sirs and his fellow negotiators — a self-financed 8 per cent plus a guarantee of local productivity schmes being worth at least 4 per cent more.

Mr. Cuckow and a few like-

minded workers have made tentative efforts to advance their cause. A meeting was to have been held last night to consider calling for a ballot on whether there should be a return to work, but it was cancelled after alleged threats of intimidation. Mr. Cuckow agrees that "the lads wanted to come out over 2 per cent" but he is convinced that most Scunthorpe workers believe enough progress has been made to justify a return to work.

While neither side to the argument is in a position to assess the strength of support for either a continued strike or a return to work, there is no sign of anything amounting to a widespread revolt against the way the strike is being handled in Scunthorpe.

In any case, the question of what the future will hold for Scunthorpe after the dispute is as much a talking point with steelworkers as the terms for settling the strike. Steel has been responsible for the existence and development of the town for more than a century and, with the big post-nationalisation Anchor investment, it is one of the more secure steel-making centres as well as the biggest in terms of capacity in Britain. But this does not mean that it is immune from the rationalisation which is taking place throughout BSC.

In recent months the workforce — now standing at 17,500 —has been reduced by 1,300 and another 400 workers will have left by March. But the strikers know that when they go back after the dispute, another 2,800 of them will lose their jobs by the end of the year.

Mr. Don Ford, works director at Scunthorpe, says that on the basis of BSC's current pay proposals the surviving workforce would stand to gain 15 per cent pay increases. To finance most of this the 2,800 redundancies would have to be achieved on a strict timetable by the end of this year, with a further 3 per cent on savings from such things as reduced overtime, less absenteeism and energy saving.

But he gives a warning that Scunthorpe, a plant which has been doing relatively well in spite of the wider problems of BSC, will have lost more by the end of this month than in first nine months of last year. Even if the strike ends soon it will take at least a month to bring the plant back into full operation, adding further to the loss, which Mr. Ford says is running at £2m a week during the strike.

Scunthorpe has, as its management accepts, a reasonable productivity record with some of the lowest manning levels in the corporation. This provokes strike leaders such as Mr Teale to brand the BSC pay offer as a "con-trick" which would lead to far more redundancies than those being admitted to by the management.

"Last year we did a productivity deal which cut us to the marrow. They just want to reduce and reduce until there isn't a works there." Mr. Teale claims that, if the corporation gets its way, up to 5,000 jobs will be at risk at Scunthorpe.

Suspicion about the real value —and the price—of the productivity strings attached to BSC's pay proposals remains high, not only at Scunthorpe. At Teesside—the area visited by Mr. Sirs when he spoke of members hardening around 20 per cent —Mr. Tony Cook, a member of the ISTC executive, says: "People simply do not believe the British Steel Corporation when they talk about productivity money. We have been trying to get money out of them for a staff productivity scheme for two years."

The steel strike did not start with a ballot of the industry's workforce, and there need not be a ballot on any eventual settlement. It will probably be for the unions' negotiating committees, including executive members like Mr. Cook, to decide whether they have made enough progress to settle.

"I am convinced that the Government thought we were the weak spot on the wall — perhaps some of our friends in the trade union movement thought so as well — but we are not," he said.

Such comments show that, with all the important negotiation still to come, the steel unions remain determined to reach a settlement which is honourable within all definitions of the term.

THE PROPERTY MARKET BY MICHAEL CASSELL

Chequer St scheme: Council tries again

ST. ALBANS City and District Council is making another attempt to get its long-proposed but, so far, ill-fated Chequer Street shopping centre redevelopment scheme off the ground.

Plans for developing the site in the centre of the Roman town have been around for no less than 15 years and matters came to a head in 1978 when the Council, in the face of fierce local oppoistion, was forced at the last minute to withhold its approval for a £10m-£15m scheme by Samuel Properties.

Local residents and actions groups, together with the Civic Society, said the scheme was too big and out of character with the area and also complained about Samuel's proposals to use its regular development partner, Bryant Holdngs, to build the complex.

In July 1978, the Council called a halt to the proposals and decided to look at other plans. Last summer, Samuel Properties—which had lined up Standard Life to provide the finance—announced that it was to sue the Council for work already done and damages for misrepresentation as well as for breach of agreement.

The company has since issued a writ and proceeded to the next stage in what could be a long drawn out battle. It has submitted a statement of claim to the Council's officers, itemising expenditure and potential loss of profits surrounding the aborted scheme. The claim adds up to £2.3m and Mr. Reg Braddon, St. Albans' chief executive officer, says the Council is now preparing its statement of defence.

The new plan is for only 170,000 sq. ft. of new space compared with the 266,000 sq. ft. contained in the old Samuel scheme. It includes a 50,000 sq. ft. department store, a supermarket and standard retail units. With the emphasis firmly on the retention and rehabilitaion of buildings within what is a conservation area, the scheme will also include car park space and some housing.

After interviewing nine potential developers from an initial list of 32 applicants, the Council has invited four groups to prepare partnership schemes for consideration by June.

The four are Norwich Union, Grosvenor Estate Commercial Developments, Bredero Consulting and Costain Property Developments. The new scheme is likely to cost in the region of £10m.

This time, the Council is hopeful of seeing things through to a successful conclusion. Says Mr. Braddon: "There has been a great deal of consultation with local residents and community groups and there appears to be general approval of the outline proposals we have contained in the developers' brief—though we accept there is no way we can keep everybody happy."

Reversions help to boost profits

WHAT IS the point of buying property shares at a time when the sector looks set to offer, for the time being at least, little rental growth, limited asset growth and only modest development prospects?

Shares in the property sector performed well against all-comers during 1979 and, despite a nasty attack of nerves in the closing weeks of the year, ended the decade over five times up on the low point reached during the dark days of 1975.

But how much steam have they got left in them and why should any investor favour them against what, at first glance, must seem far more attractive alternatives?

In a not altogether original answer, though one which bears further consideration by prospective investors, brokers Rowe and Pitman this week point firmly to reversionary prospects in their first 1980 appraisal of property shares.

The firm, which still believes that many investors do not fully appreciate the massive inbuilt reversionary potential of many property companies, starts the new year on a very positive note and points out that net rental income of most property companies is now rising fast, a trend being reflected in sharply higher earnings and dividends.

Rowe and Pitman goes on to make projections—based mainly on present-day rents and making no allowances for any future growth—which show that many companies can expect substantial profits growth from reversions alone.

The firm estimates rental increases for several leading property groups over the next five years and then produces compound annual growth figures which show big rises in pre-tax profits for most of them. By way of example: Brixton and Imry (21 per cent), Slough (14½ per cent), Land Securities (14 per cent) and MEPC (10 per cent).

Yields justified

The report comments: "If these growth rates can be obtained simply by raising rents to present-day levels, we believe they alone justify present yields on property shares. The fact is that growth in all cases is almost certain to be considerably greater.

"With industrial profits coming under increasing pressure, the near certainty of revenue—and thus earnings and dividend-growth in the property sector becomes more and more attractive. Whilst the squeeze on corporate profits in the manufacturing sector is not particularly good news for landlords, it is worth remembering that rents are the first charge on profits."

Away from the reversionary argument, the brokers re-emphasise the soundness of most property groups today when compared with the early 1970s. They calculate that pre-tax profits will continue to rise even if interest rates stay at current levels for the whole of 1980 and they also point out that not only is the total debt of the 42 companies they monitor down by one-third on 1975 but that short-term debt is less than half what it then was.

Even if the interest rates do stay at current levels, total additional net interests costs in a full year for the companies in question would reach around £10m before taking into account property disposals and rights issues—much less than the additional revenue expected this year.

The underlying financial strength of most property companies is now largely accepted and a much larger question must now hang over asset values. Short-term prospects for growth must generally be considered to be fairly restricted after a two-year period of rising rents and falling yields.

Still cautious

With those yields remaining historically low—4 per cent or even lower in some cases against long-dated government securties yields 14¾ per cent—caution remains the keyword for investors in real estate.

In terms of rental growth, 1980 is clearly not going to provide a repeat of 1979, with demand being hit by the recession But the interest from institutional investors for top quality space seems certain to be maintained, especially bearing in mind the recent failure to push as much money into property as they intended. However, there is no huge over-supply of space and few forced sellers around to help undermine values.

The firm nevetheless considers it likely that because of the rental picture and the attractions of alternative investment opportunities, yields will start to rise, though not to any significant extent.

A change of around 1 per cent in prime yields is mooted and Rowe & Pitman calculates that with average property shares standing at a discount of around 35 per cent to asset values, such an increase would see the average discount fall to 18 per cent. It is hard to argue with its belief that such a figure would be adequate.

In summing up the prospects, Rowe & Pitman says that at a time of increasing uncertainty in many industrial sectors, prospective dividend growth at a rate substantially greater than most other sectors makes the shares of property companies an attractive proposition. It picks out British Land, Brixton, Hammerson, Land Securities, MEPC and Slough as companies especially worthy of consideration.

● **Citibank Trust is leaving Stonebridge Park, Wembley and taking space in St. Martin's House, Hammersmith. The company has taken an assignment of BL's overriding leasehold interest in the 89,100 sq. ft. building. An undisclosed premium is being paid by Citibank, which was advised by Knight Frank and Rutley.**

Nigerian businessman is mystery property buyer

THE "private African investor" behind a few recent property acquisitions in London turns out to be Chief Francis Arthur Nzeribe, one of Nigeria's best known businessmen.

Chief Nzeribe, who is 41 and the chairman of the Franz Organisation which he founded in 1962, has been steadily building up a private property portfolio in the UK.

His latest acquisition involves the freehold interest in 3, Hans Crescent, Knightsbridge, a deal attributed to an anonymous buyer shortly before Christmas. The office building close to Harrods, which includes several embassies among its tenants, cost the Chief £2m and the purchase takes the value of his UK portfolio to around £12m.

Not all the property he buys is for retention and he has been involved in several re-sale or break-up operations. The Chief has his eyes set on an expanding property portfolio, with the emphasis on industrial property. He holds some office space but says he has no intention of becoming involved in the residential market.

Chief Nzeribe employs four agents to advise him and says that his UK property represents over 60 per cent of all his personal non-Nigerian investments.

Although he has business interests in France and Switzerland, his property investments have been confined to the UK and he says that is how it is likely to stay.

"The property markets in other countries are often more complex and certainly less familiar to me. Having gone to school here I think I know what makes the place tick.

"I don't pretend I can compete with the institutions when it comes to property but I believe the market here offers excellent opportunities for sound investment."

● **Norwich Union is to finance a £10½m office scheme at 22-25 Farringdon Street EC4. The group has purchased the long leasehold on the site and Taylor Woodrow is to develop the 94,000 sq ft air conditioned office block due for completion in 1981. Jones Lang Wootton and Bell Ingram are letting agents and a total pre-let will be considered.**

● **Rank Xerox has acquired the least of 5-10 Bury Street, EC3, a 30,000 sq. ft. office building completed in December and owned by Hanover Property Unit Trust. It has been let at a rent of around £450,000 per annum, equating to about £15 a sq. ft. Knight Frank and Rutley, Collier Madge and Richard Saunders acted for Hanover and Goddard and Smith represented the tenant.**

● **The whole of the National Water Council's restored office scheme at 4-5 Buckingham Gate, SW1, has been let to Esselte Business Systems of Sweden. Rent for the 27,000 sq. ft. building is in the region of £14 a sq. ft.**

UK NEWS — PARLIAMENT and POLITICS

Philip Rawstorne reports on the response to Russia's invasion of Afghanistan

Carrington applies economic sanctions

THE BRITISH-SOVIET five-year credit agreement, which expires next month, will not be renewed, Lord Carrington, Foreign and Commonwealth Secretary, announced in the Lords yesterday.

The move was being made as part of the Government's response to the Russian invasion of Afghanistan, he said.

Russia had to be made to understand that it "cannot break the rules of international behaviour with impunity, either now or in the future."

Export credit to the Soviet Union had been subsidised more than that extended to other countries, Lord Carrington said.

In future, it would be considered on a case-by-case basis and, assuming that other Western countries did likewise, credit would not be provided at rates more favourable than those set by the international consensus on credit terms.

Lord Carrington said that the Government's other sanctions would include:

- Tighter application of the COCOM rules for controlling the transfer of sensitive technology to the Soviet Union.
- Demands on the EEC to end subsidised sales of butter, meat and sugar to Russia as well as curbs on the export of grain
- The suspension of Ministerial and high level official contacts and the cancellation of military exchanges "We shall avoid the kind of cultural and other events which would give an impression that nothing has changed and thus appear to condone Soviet aggression," Lord Carrington said.
- BBC broadcasts to the Soviet Union and Afghanistan to be increased.
- Continued pressure to move the Olympic Games from Moscow—"It should not be beyond the capacity of the 104 countries which condemned the Soviet Union in the United Nations," Lord Carrington said.

As for Nazi Germany in 1936, the Olympics were regarded by Russia as "a major political undertaking designed to impress the whole world with the prestige of the system."

Lord Carrington declared: "For the Games now to be held in Moscow would appear to condone Soviet aggression abroad and repression at home."

Apart from Britain's own response, Lord Carrington said the Russian actions had underlined the need to develop political solidarity in the European Community and the North Atlantic Alliance.

Western material assistance and a firm commitment to their security and independence was needed—and sought—by Russia's neighbouring countries in South-West Asia.

Britain was discussing with its allies help for Afghan refugees in Pakistan and further assistance with its political, economic and military problems.

Other countries also needed aid to combat the threat of Soviet disruption and subversion.

"We need to develop our co-operation with Turkey . . . strengthen our links with the countries of the Arab peninsula . . . rebuild a satisfactory relationship with Iran once the American hostages in Tehran have been released," he said.

Above all, the political stability of the area needed an Arab-Israeli settlement that recognised the rights of the Palestinian people as well as Israel, Lord Carrington asserted.

The strength of our disapproval should help Russia to avoid miscalculation in future, he added.

"But it is also right that we should where possible continue the search for arms control agreements, commercially justified trade and other arrangements of mutual benefit.

"In the long run, both we and the Russians need a sound East-West relationship," Lord Carrington concluded.

Fears for detente policy

MR. PETER SHORE, Labour's Shadow Foreign Secretary, demanded assurances in the Commons that the Government would not abandon the policy of detente because of Soviet actions.

Labour fully supported the condemnation of Russian aggression, he said, but it was important that talks on arms limitation and other serious political East-West discourse should be continued.

Sir Ian Gilmour, Lord Privy Seal, who repeated the Government statement in the Commons, agreed that such a policy would be necessary to establish a sound, long-term relationship with the Soviet Union.

Mr. Shore expressed some scepticism about the effectiveness of the Government's sanctions which were also sharply criticised by several Tory MPs as "inadequate."

The Government's move to end preferential export credit would simply be negated if other Western nations expanded their trade with Russia, Mr. Shore warned.

A distinction should also be made between trade with the Soviet Union and other European countries, he said.

Mr. Shore questioned too whether the Government's attempt to move the Olympics from Moscow had enough international support.

Sir Ian confirmed that a distinction would be drawn between the trade with the Soviet Union and other East European states. On matters of trade, he said

Sir Ian added: "It remains to be seen what support we shall gain for our stand on the Olympics. . . . We are facing something we have not faced for 35 years. There must be a significant response from the West."

From the Tory benches, Mr. Hugh Fraser (Stafford and Stone) declared that the Government's measures were "in no way adequate" and demanded support for the U.S. guarantees to the Gulf states and the reactivation of the draft register.

Mr. Eldon Griffiths (C. *Bury St. Edmunds*) *also* called on the Government to prepare for "selective national service."

Sir Ian rejected the demands. "There is a limited amount to what any one country can do," he said.

Mr. Terence Higgins, a former Treasury Minister, suggested that a ban should be imposed on the import of Russian goods which, he said, were competing unfairly with British manufactures and providing Russia with valuable foreign exchange.

Mr. Gilmour brusquely dismissed criticisms from Left-wing Labour MPs Mr. Bob Cryer (Keighley) and Mr. Frank Allaun (Salford E.) that the Government's measures would widen the breach between East and West.

"It was the Soviet invasion of Afghanistan that caused the breach and not the West's reaction to it," Sir Ian retorted.

£1bn to improve Polaris missiles

BY IVOR OWEN

BRITAIN'S four Polaris nuclear submarines are to be equipped with a more penetrating weapons system capable of evading the upgraded anti-ballistinc missiles deployed b ythe Soviet Union, Mr. Francis Pym, the Defence Secretary, announced in the Commons last night.

He disclosed that a £1bn top secret development programme — code named Chavaline — begun by the Heath Administration, continued by the last Labour Government and nearing completion—will enable the Polaris force to remain fully effective for at least another decade.

At the same time, Mr. Pym emphasised that the development of the new weapons system did not alter the need to decide "before long" about Polaris's ultimate replacement.

He estimated that the total cost of a new generation of nuclear weapons would be in the range of £4bn to £5bn at current prices spread over a period of 10 to 15 years.

The peak rate of annual expenditure on the Polaris replacement programme would probably come in the late 1980s.

Mr. Pym, who paid tribute to *Mr. James Callaghan* for ensuring that the Chevaline project was kept during the period he was Prime Minister, said it had opened the way for "a very major and complex development of the missile front end, involving also changes to the fire control systems."

While the improved weapons system did not embody multi-independent re-entry capacity, it did include advanced penetration aids and the ability to manoeuvre the payload in space.

Mr. Pym underlined the fact that the Chevaline programme had been funded entirely by the UK. He also acknowledged the full co-operation received from the U.S. Government including the use of certain facilities for trials and tests. Some U.S. firms had been employed but most of the work in industry had gone to British companies. There had been a successful series of flight trials and development was close to completion.

"Deployment will begin soon thereafter," *Mr. Pym promised* amid Government cheers.

He described the Chevaline project as a "vitally important" and costly improvement to the Polaris fleet.

The Defence Secretary explained that for a variety of technical and operational reasons it would not be responsible to plan for the continuance of the Polaris force much into the 1990s.

"Given the time it takes to design and procure new strategic forces of the complexity needed, or indeed any complicated weapons system, we must decide before long about Polaris's ultimate replacement," he said.

Leaders clash over steel strike damage

BY IVOR OWEN

A FURIOUS clash between the Prime Minister and Mr. James Callaghan over responsibility for the growing economic damage caused by the national steel strike brought uproar to the Commons yesterday.

Backed by Tory cheers, Mrs. Thatcher repeatedly challenged the Labour leader to condemn the proposal by the unions to extend from Monday the strike by British Steel Corporation workers to those employed by private sector steel companies.

She maintained that there was no dispute between private sector steel workers and their employers.

Mr. Callaghan had a duty to do everything he could to discourage them going on strike. "If you go ahead and encourage them to strike you might be encouraging them on to the dole."

Mr. Callaghan was jeered and shouted down by Tory backbenchers when he claimed that his reputation for trying to pacify those involved in industrial disputes was well known.

He accused the Prime Minister of attempting to divert responsibility from where it belonged—with herself.

Mr. Callaghan insisted that it was not enough for the Prime Minister just to see the union leaders at 10 Downing Street and then send them away again.

Calling on the Prime Minister to practise some conciliation herself, he stormed: "You have a responsibility. Industrial paralysis is beginning to creep across this country and you must intervene sooner or later.

"You had better get on with it."

To further Tory cheers, Mrs. Thatcher replied that the people on strike could not run away from their responsibilities.

"I am very concerned about jobs. I can see no point in striking when you have no dispute with your employer and when, by striking, you put yourself out of a good job."

Mr. Callaghan accused the Prime Minister of failing to take advantage of the opportunity to conciliate which Mr. Bill Sirs, leader of the Iron and Steel Trades Confederation, had provided by delaying the extension of the strike to the private sector by 10 days.

The Prime Minister and the Government, he said, had thrown away those ten days.

Earlier, Mrs. Thatcher disclosed that Ministers are to consider the possibility of providing opportunities for secret ballots on strike action to take place at company or factory level.

Mr. Michael Brown (C Brigg & Scunthorpe) suggested that it might be possible to introduce an amendment to the Employment Bill, already before Parliament, which would permit a secret ballot to be held by a trade union where a certain percentage of the members in a particular plant wanted one to take place before strike action.

Mrs. Thatcher acknowledged that the Bill did not include such a provision at present and promised to have discussions with Mr. James Prior, the Employment Secretary.

She also noted that "a number" of Tory MPs supported the proposal made by Mr. Brown.

Education Bill guillotine angers Opposition

LABOUR MPs protested in the Commons yesterday at the Government's decision to cut short debate on the committee stage of the Education Bill.

The Opposition leader Mr. James Callaghan, said the move "will not be accepted by the country."

He accused the Government of trying to stifle debate on theBill's controversial clauses — which deal with the removal of free school meals and transport.

MPs will debate the guillotine motion — which imposes a timetable — next Tuesday.

The leader of the House, Mr. Norman St. John-Stevas, said the guillotine was necessary because the Bill's progress had been "obstructed" by Mr. Neil Kinnock, Shadow Education Secretary, and other Labour MPs on the committee.

Business rest week:

Commons

Monday: Debate on East-West relations and the crisis in South West Asia.

Tuesday: Debate on gas prices Guillotine motion on the Education (No. 2) Bill. Motion on the Income Tax (Excess Interest as Distributions Order.

Wednesday: Remaining stages of the National Heritage Bill. Motions relating to the Provision of Milk and Meals (Amendment) (No. 2) Regulations and the Milk and Meals (Education) (Scotland) Regulations.

Thursday: Debate on Environmental pollution relating to agriculture and pollution.

Friday: Private Members' Motions.

Monday, February 4: Debate on Welsh Affairs.

Lords

Monday: Petroleum Revenue Tax Bill, second reading; Bees Bill, second reading; Immunities and Privileges Order.

Tuesday: Reserve Forces Bill, third reading; Scottish Order (Confirmation Bills: report, Criminal Justice (Scotland) Bill Committee).

Wednesday: Debate on the price increases for gas and electricity short debate on a policy to abolish restrictive practices in the distribution and sale of reading lenses and spectacle frames.

Thursday: Scottish Order Confirmation Bills: Third reading; Petroleum Revenue Tax Bill (Money Bill), third reading; European Communities (Definition of Treaties) (Multilateral Trade Negotiations) Order; short debate on metrication.

Economy needs 'harsh measures'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE NECESSITY for "harsh measures" to put Britain's economy right was emphasised in the Commons yesterday by Sir Geoffrey Howe, Chancellor, and Mr. John Biffen, Chief Secretary to the Treasury.

Sir Geoffrey took a tough line on wages: "One of the central propositions which clearly must be understood is that no Government can guarantee any group of wrokers a right to pay increases which will protect them from the consequences of an increase in the Retail Price Index."

During Treasury questions Ministers ran the gauntlet over the weekend speech in which Mr. Biffen suggested that Britain was facing three years of "unparalleled austerity."

When this was raised in Prime Minister's question time yesterday, Mrs. Margaret Thatcher said that she would "not quite agree in those terms" but the Government was determined to reduce public expenditure to the level which the country could afford.

Answering Labour questioners, however, Mr. Biffen yesterday hinted again that some form of additional health charges could be on the way.

Mr. William Hamilton (Lab, Fife Central), asked caustically what progress Mr. Biffen was making in his discussions with the Prime Minister about the "proposed new health charges."

There was considerable surprise on the Labour benches when Mr. Biffen replied: "This is a matter which will be the subject of consideration in the public expenditure review that will be published in due course."

Mr. Frank Allaun (Lab, Salford East), predicted that the review would mean cuts in unemployment and social security benefit. But Mr. Biffen told him that nothing merited that interpretation.

Mr. Biffen said that reduction of the high inflation rate of recent years would necessitate "harsh measures." He described these as disinflationary rather than deflationary.

Throughout the question time Labour MPs harped on the supposed divisions of opinion among Treasury Ministers. Mr. David Winnick (Lab, Walsall Uorth), wanted to know who was in charge at the Treasury—the Chancellor or the Chief Secretary.

There were Labour jeers when Sir Geoffrey replied: "The Chief Secretary is happy to cede to me ultimate responsibility for the management of the Treasury. We make a happy and harmonious team."

Sir Geoffrey made it clear that the Government was determined to pursue firm monetary policies. Mr. Denzil Davies, a Labour Treasury spokesman, asked if the Government believed that if money supply was kept under control, high wage settlements did not cause inkation.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

EMPLOYEE BENEFITS

Inequality and pensions

EVER since the 1975 Sex Discrimination Act, men and women have been officially equal. But this news seems to be very slow in reaching the utmost corners of the Civil Service, particularly the Inland Revenue and the Department of Health and Social Security.

Pensions were specifically exempt from the 1975 Act, on the grounds that the DHSS was initiating its own legislation. But the Social Security Pensions Act 1975 only gave women employees the right to join their company pension scheme on the same qualification terms as men. Although further proposals were put forward by the previous government and supported by the present one, they have not yet seen the light of day. They were for equality of benefits between the sexes, once they had become members of the scheme, and for equal treatment in general in company pension schemes.

Under the State pension scheme, women, as full time employees, are more equal than men. They get their pension five years earlier than men, having paid the same level of contribution for a period that is five years shorter. This practice has generally spilled over into the company pensions sector.

In general, company pension schemes provide equal pensions for men and women in that the fraction to which they are entitled for each year of service is the same. But it is not yet a complete legal right.

Under the contracting-out provisions of the 1975 Pensions Act, a company scheme has to provide equal benefits up to the level that would have been given by the State scheme—the so-called Guaranteed Minimum Pensions level. But a company can provide the minimum benefits for women, and better than minimum for men. A company scheme would still comply with the Act if it gave men pensions of 1/60th of final salary for each year of service, and 1/80th for women. In practice, however, company schemes tend to give men and women the same fraction.

Problems can occur in the State scheme over the payment of a widow's pension. This is only paid to the deceased's legal wife at the time of death; the so-called "common law" wife has no claims on it. And the widow's pension ceases on remarriage, with DHSS investigators looking into cases of cohabitation to check on continued eligibility for the benefit.

The occupational pensions sector is more enlightened. Most schemes have dropped the remarriage restriction for a widow's pension, which ceases only on her death. Some schemes will pay a widow's pension to a common law wife. Others include such payments under the dependents pension provisions. Since the trust deed controlling the operation of such pension schemes can give the trustees a wide degree of latitude, all they need to be satisfied about before paying a pension is that the woman concerned was being financially supported by the deceased employee.

But contracting-out is imposing certain restrictions on this flexibility. Under such an arrangement, the State portion of the widows' pension has to be paid to the legal widow and no one else, since the company is paying this pension in lieu of the State.

Potential difficulties with the payment of widows' pensions does not end here. If the deceased employee was divorced and had since remarried, his first wife has no specific claim to any part of the widow's pension, even if she was receiving financial support from her ex-husband.

Single status

Divorced women have no problems about their basic State pension entitlement when they revert to single status. If they did not work while married they are credited with their ex-husband's contribution record for the period of marriage. But no such credit applies in respect of company pension schemes.

This has serious implications for middle aged and older women when they divorce. They will not have time until retirement to acquire an adequate pension in their own right. So it is important that pension rights be taken into consideration in any divorce settlement, all too often they are overlooked.

One could take a cynical view and argue that women cannot have it both ways: they must take the rough with the smooth if they want to stop being chattels of men. But a more realistic approach is that this is a complex problem in human relationships that someone has to solve. Pension scheme trustees are not Solomons and the Occupational Pensions Board has recommended that any division of a widow's pension should be decided by the divorce courts, not the trustees.

One valuable benefit provided by company pension schemes that is not paid by the State scheme is the death-in-service lump sum. This need not necessarily be a payment to the widow. To avoid any liability to Capital Transfer Tax, payment of this sum is completely at the discretion of the trustees.

In theory, they are within their rights to divide the money among themselves. In practice they endeavour to follow the wishes of the deceased employee. But here they often come up against typical British reluctance either to disclose or discuss one's private affairs, and reluctance to pry on the part of the employer.

If the employee wishes the money to go to someone other than his legal wife, then he should make his wishes known. And this does not apply solely to common law wives, mistresses and girl friends, it has tax planning implications for the happily married employee.

For instance, one notable pension consultant, practising what he preaches, has mitigated CTT by leaving his estate to his wife, (such transfers not attracting CTT liability) and dividing the death-in-service benefit between his children, again free of CTT.

But this can be a problem in communication between the employer and his employees. If the employee wants to be discreet, he can indicate that the lump sum should be paid into his estate and cater for the disposal in his will.

There are other areas of discrimination in some company pension schemes, usually between the benefits for married and single members, such as a lower death benefit for single persons. This is a relic of the days when pension schemes were set up to ensure the continuance of a person's financial responsibilities when he or she retired or died. It was thought that a single person needed a pension on retirement, but fewer benefits on death than a married person. The modern outlook is towards equality in all respects.

Eric Short

Small gets big in the U.S.

Nicholas Leslie reports on the first White House Conference on Small Business

EVERYONE was agreed—small business is the "purest form of the American spirit."

Arthur Levitt Jr. was the first to coin the phrase as chairman of the first White House Conference on Small Business, which was held in Washington last week. But it quickly became the property of many of the 2,000 delegates from small business who had congregated in the nation's capital from every one of America's states to create a united voice and to find ways to revive small business, which in the past few years has been under increasing pressure.

President Carter instigated the conference in April, 1978, in response to a suggestion from fellow Democrat, Senator Gaylord Nelson, a keen advocate of small business. And at its opening last week he presented himself as the champion of the small business and, indeed, a small businessman himself. There was a need to strengthen small business further, if the national economy were to be sustained, he said.

The President had committed himself, prior to the conference, to reviewing the 15 principal recommendations which emerged from the conference, and to present them to Congress for consideration and, so the delegates hoped, ratification.

In the event, and not altogether surprisingly, the President has been presented with a package of demands weighted strongly towards tax changes. The smaller businessman has made it clear that he wants a much more graduated tax levy, more incentives to encourage investment in small business; and a smaller tax burden on family-owned businesses to help perpetuate that almost sacrosanct element of America's business history — continuity of family succession and ownership.

But there were other important areas which delegates put their minds to. They wanted the Federal Budget to be balanced by limiting Federal spending to a fixed percentage of GNP; a reform of the social security system, including a limit to the number of dependent beneficiaries; and a revision and freezing of wage standards.

Equally important, though politically highly contentious, was the need delegates saw for a regulatory review board to be established — on which they would be directly represented —to monitor government regulations and paperwork. They proposed that there should be regular reviews of laws, regulations and agencies to discontinue or revise the terms of those that become outdated.

There were also proposals to provide special measures for the advancement of women and minorities, such as the blacks and Hispanics, in business.

For President Carter the conference fulfilled "an ambition of mine to have the voice of small business heard loud and clear in Washington." For Arthur Levitt Jr. (right), chairman of the conference, small business was the "purest form of the American spirit."

Among several remarkable features about the conference were the lack of general political debate and the degree of unity among delegates. Any doubts about whether the occasion was designed to provide President Carter with a political tool, were soon dispelled when speakers and delegates made it emphatically clear that the conference, and those attending, were totally uninfluenced by the White House.

Ironically, the very fact that such independence was maintained and widely recognised was felt by some observers to be a political plus for President Carter among the small business community. If so, the conference has provided him with a potentially vast reservoir of allies. For if the delegates were not fully aware of their importance to the American economy before last week, they certainly are now.

Statistics rained down on the conference like confetti. Of the total of 10.4m non-farm businesses in the U.S., 96.7 per cent are considered "small" by the U.S. Small Business Administration; small business accounts for 43 per cent of Gross National Product and provides 58 per cent of business employment (excluding farms); small business provides, directly and indirectly, the livelihood of over 100m Americans; between 1969 and 1976, when 14m people joined the labour force and when 9m new jobs were created, the 1,000 largest corporations in the U.S. did not increase the numbers in their employ. Of the 9m new jobs, 3m were provided in state and local government and 6m by small business. Small business is also responsible for over 50 per cent of all innovation in America.

The unity was maintained throughout almost the entire conference. Small business people are noted more for their singularity of mind than for their ability to reach collective decisions on economic and political matters. But delegates were keenly aware of the enormity of the opportunity they had to make themselves heard.

Conflicts

The preliminaries to the conference also helped to iron out most of the potentiail conflicts. Since the instigation of the conference, 57 regional conferences and seminars have taken place around the U.S. — attended by over 30,000 delegates (all small business people) — to discuss issues critical to small business and to thrash out a whole series of recommendations for discussion at the national conference.

At these primary meetings there were many occasions when arguments about sectional and local interests broke out — giving rise to speculation that the national conference would itself degenerate into a series of conflicts and that the small business community would throw away its opportunity to create an effective lobby in Washington, and to be taken seriously. Proof that this did not happen was shown by the involvement not only of President Carter but by several senior government officials, including Alfred Kahn, adviser to the President on inflation, and G. William Miller, the Treasury Secretary, as speakers.

From the start, however, it was evident last week that virtually everyone was preoccupied with ensuring that they were taken seriously and the structure of the conference was without doubt crucial to its success. The format provided for major meetings to discuss 12 topics—such as capital formation, minorities in business and energy — followed by a whole series of workshop meetings where delegates thrashed out the order of priority to be given to a total of 60 recomendations to be discussed (five in each of the 12 topic areas). In all these meetings it was noticeable how the chairperson elected consistently steered discussion away from sectional interests and towards reaching unanimity on broad issues affecting small business in general.

Finance remained the dominant theme throughout—indeed, ten of the top 15 proposals put forward were directly related to this subject. But it would be wrong to conclude from this that American small business people are self-seeking and preoccupied merely with looking after their own pockets. Certainly there is an element of that—they acknowledge their belief that a larger personal slice of the cake is a just reward for their endeavours—but they also believe that their financial proposals will strengthen both their business bases and the economy.

Their concern about the erosion of their financial strength was apparent by the emphasis they put on discussing measures for capital retention, rather than capital formation. This was understandable; all of the delegates had, after all, already overcome the problem of finding their initial capital, so venture and seed capital was almost ignored as a topic. They were much more preoccupied, given a weakening economy (productivity fell in the U.S. last year for the first time since the last war) and rising inflation, with how to alleviate pressures on their worsening cash flows.

Two big questions now are whether the unity that has been created can be sustained and how many of the demands made by delegates will be approved by Congress.

The first is probably more difficult to answer than the second, because even the delegates themselves were realistic enough to believe that, in an election year when so many other interests will be fighting for attention, they would be very lucky if even a handful of their proposals become law.

Unity is hard to maintain for —as was pointed out on more than one occasion—small business is made up of sectional interests, no matter how hard anyone may try to bring them together. Even at the end of the conference cracks began to appear: there was evident dissatisfaction at the relatively low priority given to proposals to promote women and minorities, including not only blacks and Hispanics, but also Vietnam veterans, in business.

Considerable momentum has already been generated in the past 18 months across the U.S. among a large number of national and local small business associations, towards creating an identifiable small business voice in Federal Government. Last week's conference was the catalyst that brought these interests together.

Vernon Weaver, administrator of the Small Business Administration, pledged himself at the close of the conference to "carry on the work you have begun here" in promoting the interests of small business and in pressing for less, but more efficient, government. He also promised to report on his progress to delegates within six months.

Meanwhile, it has already been agreed that there should be another conference in two years' time. If a correct perspective on the conference is maintained — a beginning on which future activity and political lobbying can by built — and provided minority and other sectional interests remain united, rather than fragmented, behind those broad proposals which have been agreed now, there seems good reason to believe that America will have shown the way for small business in other countries to unite in common purpose.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PIPELINES

French use UK powder coating material

INTERNATIONAL Paint has beaten off fierce American competition to secure a £200,000 export order in France, expected to lead to business exceeding £1m a year.

The order from Elf Aquitaine, is for Interpon pipe coating powder to cover a 110-kilometre oil pipeline in Oman. Interpon, developed and manufactured at the International Paint research and production complex at Felling on Tyne, is backed by one of the largest research units of its kind.

IP Powder Coatings is the only UK powder coating company to manufacture and supply such materials to the pipe coatings industry.

Interpon coating is sprayed as a dry powder, charged at 75,000 volts, on to 40-feet-long steel pipes which have previously been heated to a temperature of 250 degrees centigrade. Within two minutes of application, the powder melts, flows out and hardens to a *smooth and glossy* coating which is superior to all other protective coatings for pipes.

The sales breakthrough in France follows the outstanding achievement by the Powder Coatings Divisions in 1979 when it supplied the powder coatings used on all the pipelines laid in the North Sea. These included the pipelines for Shell, BP, Chevron, the Union Oil Company, and Phillips Petroleum.

Seeking data on damage

THREE oil companies and an inspection authority have agreed to fund a feasibility study from MatEval of Newton-le-Willows, Merseyside for the development of a free swimming pig to carry out ultrasonic wall thickness measurements in oil and gas risers.

Feasibility constitutes the initial stage of MatEval's development programme which will eventually result in the manufacture of a pig which can be introduced into a riser on the production platform to travel with the oil or gas down to the sea bed line and along to the shore-based pumping station.

Companies involved in the initial stage are Elf, Shell, BP and DNV and further funds are available from the Commission of the European Communities in line with the EEC policy to grant support to Community projects in the hydrocarbons sector.

During phase one of the project, MatEval's engineers will look at the problems of riser inspection and will develop their ideas on the feasibility of producing an ultrasonic system to acquire data on conditions such as corrosion pitting, mechanical damage, mill defects, dents, wrinkle bends and gouges. It is envisaged that this data will be stored within the pig for retrieval at the on-shore pig trap before being programmed into a computer which will print out the results.

MatEval, 1 Belevedere Road, Newton-le-Willows, Merseyside.

● INSTRUMENTS

Makes permanent record

TO BE seen for the first time in this country at the IEA/ Electrex exhibitions in Birmingham (February 25 to 29) is the ES1000 high frequency electrostatic recorder from Gould Instrument Division.

Writing system of this machine is a high resolution recording array consisting of 1,000 separate electrodes, giving permanent reproducible records on plain paper at chart speeds of up to 250 mm/sec. Up to 16 channels at 10 kHz can be recorded.

The use of digital technique in the multielectrode array allows full alphanumeric annotation, overlapping traces, and variable grid spacings.

More from Roebuck Road, Hainault, Essex IG6 3UE (01-500 1000).

● COMMUNICATIONS

Answers calls in rotation

USE OF the Cole Electronics call priority indicator unit, in conjunction with Post Office key and lamp units makes it possible to answer all telephone calls in the system strictly in rotation.

The priority indicator will show which call is to be answered first when several calls are waiting, thus improving customer service.

Operation of the Post Office equipment is not affected and no electrical connections are made to it. One master priority indicator can handle up to 15 key and lamp units (KLU).

This unit is compact, using the latest micro-technology, is installed in minutes, has no software requirement and has low power demand.

The indicator unit consists of a master electronics package, which can be placed underneath or behind the KLU, and a sensor indicator module which is placed over the existing row of lamps on the KLU.

Only the first line awaiting answer is indicated by a flashing red lamp in the appropriate position. Individual lines can be switched out of the priority system—such as lines for outgoing calls only—in which case the indicator repeats the state of the Post Office lamp.

Cole Electronics, 105 Lansdowne Rd., Croydon CRO 2BN. 01-680 8507.

Shows caller's number

ALTHOUGH IT cannot be used on public switched lines until formal approval has been obtained from the Post Office, a small recording and display device from Feedback of Crowborough will go a long way towards solving the problem of the unmanned telephone.

One solution is the telephone answering machine, but it is known that some people dislike tape recorded instructions, says Feedback, when all they want is to leave their number for someone to call them back.

The device from this company, called Logatel, performs this simple function. If a number is called which is fitted with Logatel and no-one is present, the unit is automatically connected and a steady tone replaces the ringing tone. The caller then simply dials his own number, waits about four seconds until he hears an acceptance tone and then replaces his receiver.

Ten callers can be dealt with in this way; on returning to his instrument the called subscriber simply presses some buttons to

have them displayed in turn.

But use for the time being is restricted to internal telephone systems.

More from the company at Park Road, Crowborough, Sussex TN6 2QR (08926 3322).

● PROCESSING

Ultra-pure water on tap

INSTALLATION of a water treatment plant for a new factory in Nantes is to be carried out by Elga Products for Matra-Harris S.A. The latter is a joint venture by the French company Matra and the Harris Semi-conductors Corporation of Florida in the U.S.

Under a £73,600 contract Elga will install the new water treatment plant in two co-ordinated phases as the factory is completed. Once commissioned, this plant will provide ultra pure water, of 18 megohm resistivity and totally free from silica, colloids and bacteria.

Water of this quality is an essential requirement, and will be used exclusively for the rinsing of semi-conductor components during their many stages of manufacture.

To achieve the high specifications demanded, Elga has set up a central treatment plant. Here company engineers will install reverse osmosis and two-bed deionisers designed to work continuously, feeding high quality water into an extensive ring main distribution system which will run around the production areas.

● FINISHING

Colouring with confidence

THANKS TO the ubiquitous microchip, architects, interior designers and colour consultants, can now offer their clients all they ever dreamed of in colour schemes.

An enormous choice of 960 colours, in five different finishes —with reliability and repeatability—is available from Crown Paints, PO Box No. 37, Darwen, Lancs (0254 74951).

The Crown Colour Plan colour has its own formulation which contains all the information needed to make the paint . . . the code is read by a light pen scanner which locks it into the computer and the production process is then performed automatically.

The "chip" promises to guarantee total accuracy of colour and the main beneficiary of this technology is the specifier—subsequently, his customer.

The company's aim is to provide the professional with an exclusive range which overcomes the limitations of both the 88 colours in the BS 4800 range, and paint manufacturers' own colour offers.

Computerised small batch machinery has been installed at Crown's factories in Darwen and Haltwhistle, Northumberland, to make the Colour Plan, which is promised within five days of receiving an order.

Colours in the range have been carefully balanced in terms of hue, greyness and weight to provide a comprehensive colour choice . . . additionally, all 960 colours carry Munsell references and a correlation of BS 5252 (the main building colour standard).

The company says that new technology has enabled it to offer this vastly increased colour range while not sacrificing any of the quality and consistency which is vital to professional paint specifiers.

All 960 colours are listed in the professional specifiers swatch book which will be placed with them by the company during the next two months.

DEBORAH PICKERING

Tough coating on metal

PROMISING GREATER corrosion and abrasion resistance on a cost-effective basis is a new material, Vestar Protective Finish, offered to non-ferrous metal finishers as an alternative to both organic and inorganic finishes.

It can be used with conventional equipment without special training in most finishing workshops says silicone specialist, Dow Corning, Reading Bridge House, Reading (0734 57251).

It is said to derive its specialist properties from being a silicone-silica hybrid which forms a clear, extremely hard and very thin coating to aluminium, brass, copper and other non-ferrous metals.

The organo-silicon chemistry of the material allows it to be handled as easily as the conventional organic coatings such as epoxies, acrylics, polyester and urethane — yet its resistance against corrosion and abrasion is claimed to outstrip that of anodising.

Conventional application methods are suitable — such as dipping, flow coating, brushing, rolling and spraying (either electrostatic or conventional) — and it should have a wide range of applications from panels and industrial parts to kitchenware and jewellery.

● SERVICES

Speeds vehicle repairs

WITH SO many cars piling up at the repair centres, introduction by Blackhawk of an easier to use and more versatile vehicle body correction system could help garages catch up on their backlogs.

The equipment consists of an independent mobile pulling unit which anchors the vehicle under repair. Multi-directional pulling and pushing units, together with anchoring accessories are provided.

The pull-arm, which can be anchored anywhere 360 degrees around the mobile base, is provided with a further adjustable element which can be swivelled through a full 90 degrees. This device allows all types of repair work to be carried out with the minimum amount of setting up, in all directions all around the vehicle.

Complementing the pull-system is a totally independent measuring unit which eliminates the need for special brackets to make it adaptable to varying makes and types of vehicle, without the need for corresponding re-alignment.

A heavy main centre beam has been included for extra strength, as the existing perimeter base frame has been removed in order that downward pulling and panel welding can be more easily achieved. Controls for the Mk II are built into the measuring frame, which decreases the time taken for setting up the measuring unit.

Scales on the measuring system have also been modified so that measurements can be preset, thus enabling the operator to just align two pointers rather than seeking repetitive confirmation of measurements by referring to the vehicle's data.

Blackhawk Automotive, Leacon Road, Ashford, Kent. Tel. 0233 32151.

● METALWORKING

A simple bender

PORTABLE, hand operated, hydraulic pipe bender suitable for pipes from ⅜ inch to 4 inches diameter have just been introduced by Virax UK, Pennyport Industrial Estate, Dymchurch Road, Hythe, Kent (0303 69111).

Components of the bender can be assembled as required for different applications. Construction is such that any required combination can be put together quickly and easily without the need for tools as the components automatically lock together.

Two rams are available for use with the bender. One can be used for pipes up to 1½ inch diameter and the other, in conjunction with the appropriate adaptors, dollies and a piston rod extension, for pipes up to 4 inches diameter.

● COMPUTING

Software from U.S.

APPLICATION software of many kinds developed by or for the U.S. Government is to be made available in the UK through the U.S. Department of Commerce's National Technical Information Service, P.O. Box 3, Newman Lane, Alton, Hants GU34 2PG (0420 84300).

The programs cover many applications including simulations, mechanical design, and data management and are offered either as a set of written programming instructions with application information or in the form of magnetic tape or punched card decks to suit computer mainframes of various types.

The details of what is available are provided in a series of directories which are designed to cover products in a distinct subject area. There are 14 of these at the moment and they include subjects such as aerospace, medicine and biology.

LOMBARD

Alarm bells in Whitehall

BY IAN DAVIDSON

I HEAR that the alarm bells are ringing all up and down Whitehall. Not content with sending Sir Derek Rayner and his team to poke and pry into the efficiency or otherwise of the civil service, Mrs. Thatcher has been carrying out personal forays into a number of departments, usually unannounced, and asking searching, not to say embarrassing, questions. Quite a few senior civil servants have been astonished to see the Prime Minister framed in the doorway, only to be faced immediately afterwards with the snap query: "What exactly do you do, and is it cost-effective?"

I can only deduce that Mrs. Thatcher is a paid-up, not to say full-time, member of CABBAGE (Campaign Against Bumbling Bureaucracy And Generalised Extortion); one of our overseas readers has awarded me one year's free membership in recognition of my article last week on the Rayner programme. At the same time, he has drawn my attention to a most interesting survey, carried out by the French business magazine L'Expansion on the basis of EEC statistics, which compares the size and cost of the bureaucracies in each of the nine Common Market countries.

The first point to emerge from the survey is that Britain employs, by a really handsome margin, more bureaucrats than any other country in the Community. Admittedly, this is on the basis of 1977 figures; the picture probably has not changed very much since then—certainly not for the better.

In 1977, then, Britain had 5.3m public servants, a total which includes not only central government and local authorities, but any one whose salary was effectively paid by the tax-payer. Now, I always thought that France had a pretty well-nourished bureacracy, and that Italy (remember Il Posto?) was bureaucracy run wild. Not a bit of it.

France in 1977 had a mere 3.1m public servants, nearly 2.2m less than Britain; while Italy was positively austere, with only 2.6m public servants—perhaps because the salaries are so much better in the bankrupt companies owned by the state. Expressed as a percentage of the working population, the Italian bureaucracy represents 12.8 per cent, the French 14.6 per cent, and the British a princely 21.3 per cent. Germany has rather more public servants than France, with 3.6m; but then Germany hasa fully fledged federal system.

It is difficult even to imagine a justification for a situation in which, with only 16 per cent of the GNP of the Community, the UK should employ over 30 per cent of the Community's bureaucrats. "What exactly do you do, and are you cost-effective?" is perhaps not such a bad question.

However, the problem may not lie primarily in the numbers employed by central government—though far be it from me to suggest that the folk in Whitehall are as wise as serpents and as harmless as doves. In Britain only 43 per cent of the vast army of bureaucrats is directly employed by central government, whereas in France, historically a highly centralised society, the proportion is as high as 73 per cent. The figures would seem to support the notion that the deliberately ambiguous financial relationship between the government and the local authorities in the UK is calculated to encourage riotous over-employment by the town halls.

Worst paid

Apologists for the public service would no doubt point out that the British bureaucrats are not merely the most numerous in Europe but also far the worst paid: the average salary is only 55 per cent of that in France. The survey does not, however, take any account of purchasing-power parities; and we know that civil servants are not merely given salary increases on the basis of comparability with the private sector, but *also* go on strike with gay abandon. The question is, even if it were true that the civil service is badly paid, do we get value for money?

Footnote—The reader who awarded me free membership in CABBAGE is on the staff of the Brussels Commission. Salaries there are very high, but numbers are, by British standards, tiny. Do we get value for money?

Automation and a reprieve

BY MAURICE SAMUELSON

Freddie Mansfield

The largest of the three remaining coal hoists at Garston docks and due to be demolished and replaced by automated handling equipment.

ON A BLUFF on the River Mersey stands some of the oldest coal handling equipment still used in the British Isles. They are the three coal hoists at Garston docks, which supplies household coals to Northern Ireland and the Isle of Man.

The biggest of the Garston coal hoists was commissioned in 1922 in Penarth, South Wales, and brought to the Mersey after the Second World War. Towering over the dock like a black guillotine, it empties the railway wagon loads of coal one at a time into the ship's hold 40 feet below.

But these blackened relics will not be in use much longer. To cope with Ulster's growing demand for domestic coal, automated handling equipment is to be brought in, like that used at the National Coal Board's bulk handling terminal of Immingham on the Humber.

The modernisation is good news for Garston, and in marked contrast to cut backs in other parts of Merseyside. Until the plans were announced, there had been some doubts about the future of Garston docks.

The NCB had been very close to choosing another port as its main outlet to Ulster. This would have deprived the docks of its coal trade, which accounts for a third of its total cargo, and would have threatened the prospects for its highly successful container trade.

Garston docks, controlled by the British Transport Docks Board, has 260 employees, including 100 registered dockers. Any closure would have been a severe blow to a township which already has at least 5,000 unemployed. Now Garston is to be re-equipped over the next 18 months, doubling its coal throughput to 1m tons a year.

AROUND BRITAIN

GARSTON

Garston docks were originally founded as a coal-handling port in the last century so it is appropriate that this change in its fortunes results from coal's belated revival as a competitor to oil and gas. In Northern Ireland, Garston's main customer, the number of households burning solid fuel will grow as a result of the Government's refusal to build a submarine pipeline to supply natural gas from Scotland.

To exploit this golden opportunity the Coal Board realised that it had to improve the quantity and quality of its shipments of household coal. A total investment of £10m is being made to ensure regularity of shipments and less wastage due to the degradation—or crumbling—of coal in transit.

All the improvements have to be made on the British side of the water, as private coal merchants in Ulster have already made considerable efforts to modernise and mechanise their yards, which are among the most modern in the UK.

At Garston and the other five mainland ports which supply domestic coal to Ireland, there has been very little innovation and the method of delivering it from the coalfields is a century out of date. Other than Ayr, they all receive their coal in conventional wagons sent from the pits in unplanned rail services.

The coal is tipped straight into the ships' holds, with little being done to prevent crumbling. By the time it reaches the distribution yards in Northern Ireland, up to a fifth of the original weight can have been spoiled.

Garston is a logical place to start the improvements since it already supplies more than half Northern Ireland's domestic coal consumption. However, it very nearly lost this valuable contract to Partington docks, four hours sailing time up the Manchester Ship Canal, which handles 50,000 tons of coal a year. Both ports had put in keen bids, but the NCB says it was nervous about Garston because of its reputation for difficult labour relations.

Garston only won because its workforce gave a written undertaking to work an extra shift and to drop their present job demarcations.

In future there will be only coal operatives, instead of tippers, trimmers and hoist drivers. Mr. Tony Winfield, the docks manager, attributes this agreement to the "realism and flexibility" of the local representative of the Transport and General Workers' Union, who appreciated the threat to the whole of Garston docks if the coal trade was lost.

The BTDB, cushioned by a 20-year contract with the Coal Board, will spend £1.25m on two conveyor-belt systems capable of loading two colliers at a time, instead of one at present. The equipment will help cut coal degradation from 20 per cent to 4 per cent. And instead of being vulnerable to delays in the rail services, the plant will be able to load the ships from stockpiles on the quay.

What remains to be decided is whether the coal will continue to come by rail or be switched to road, and this in turn will decide from which pits the coal will come. If the railways are used, the coal will arrive in "merry-go-round" trains like those used to supply power stations. New rails will have to be laid to take the 25-ton airbrake wagons, and the Docks Board wants the Environment Department to put up half the additional £600,000 cost.

There could be strong local repercussions if the coal arrived by road. Garston is no beauty spot, but its residents will not take kindly to 20-ton coal lorries roaring through their streets at the rate of one every 10 minutes, even though that would be preferable to the silence of another idle dock.

Two to watch for Aintree

RACING

BY DOMINIC WIGAN

HAVING closely examined the Sun Grand National weights which have just been released, the leading bookmakers seem to be right in making Zongalero a firm favourite.

But several may be sticking their necks out with these odds: 25-1 Rambling Jack (with Heathorns) and 25-1 Chumson, generally available.

No one was more pleased with Rambling Jack's win a few days ago on his reappearance than Jonjo O'Neill his jockey. After dismounting he named Rambling Jack as his National mount.

His own trainer, Peter Easterby, who is without a runner on March 29 has released him for an outside ride and he had the chance to partner several other horses with likely chances.

Rambling Jack, a much improved Wrekin Rambler gelding, who won three times at Newcastle in the 1977-78 season made only two appearances last term. He showed that he was not only backed to his best when beating Scorton Boy by eight lengths at Ayr in March but also that he is a "spring horse."

Rambling Jack should have no difficulty carrying 11 st. 6 lb. He will also be ideally suited if there is cut in the ground.

Chumson, whose trainer, Fred Winter, has had such a fine record in the Grand National is the anticipated mount of John Francome. This in spite of the fact that Winter will also saddle last year's third, Rough and Tumble.

Chumson, carying 11st 7lb, is an almost perfect jumper who landed the New Zealand Grand National before joining Winter. Although he was rested last season after splitting an off-hind pastern in work. Later he had an operation on the leg at Bristol University. He is now fully sound and has had five races this season.

There was a flood of money for last year's winner, Rubstic yesterday. The Tote, which laid him to lose £50,000 at 25-1, cut his price by five points.

DONCASTER

2.00—Rising Falcon***
2.30—Eastern Citizen*
3.00—Slippery Dick
3.30—Bombadier**
4.00—Red Clerie

BBC 1

† Indicates programme in black and white

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mister Men. 2.02 For Schools, Colleges. 3.20 Pobol y cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Tarzan, Lord of the Jungle. 5.10 Grange Hill. 5.35 The Perishers.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 The Superstars.
8.00 My Wife Next Door.
8.30 Francis Durbridge presents "Breakaway."
9.00 News.
9.25 1980 European Figure Skating Championships.
10.15 Points of View (London and South East only).
†10.20 Phil Silvers as Sergeant Bilko.
10.45 Regional, National News.
10.50 The late film: "The Happy Ending" starring Jean Simmons.

All Regions as BBC1 except as follows:

Wales—1.45-2.00 pm Cwmtigili. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30 Antur I'r Andes. 8.00-8.30 My Wife Next Door. 10.15 Week In Week Out. 11.05 News for Wales. 11.06-12.41 am The late film: "Where the Boys Are."

Scotland—11.00-11.20 am For Schools. 12.40-12.45 The Scottish News. 1.00-1.30 Cearcall. 5.55-6.20 Reporting Scotland. 10.15 Spectrum. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 It's My Opinion. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) The East Anglians; Midlands (Birmingham) Midlands Tonight; North (Leeds) Yorkshire Buccaneer; North East (Newcastle) Coast to Coast; North West (Manchester) Unlucky for Some?; South (Southampton) The Entertainers; South West (Plymouth) Newswatch; West (Bristol) Journey Back.

BBC 2

11.00 am Play School.
†5.40 Harold Lloyd.
6.10 Monkey.
6.55 Delia Smith's Cookery Course.
7.20 Mid-Evening News.
7.35 In the Country.
8.05 Fulton Mackay in "Songs of a Sourdough" by Robert Service.
9.00 Pot Black 80.
9.25 Pro-Celebrity Golf.
10.15 Sacha.
10.55 Late News.
11.10 Friday Night . . . Saturday Morning.

LONDON

9.30 am Schools Programmes. 11.55 Cartoon Time. 12.00 Song Book. 12.10 pm Once Upon a Time. 12.30 Simply Sewing. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "Wyoming Renegades." 4.15 The Tomorrow People. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 The Muppet Show.
7.30 3-2-1.
8.30 Hawaii Five-O.
9.30 The Comedians.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Chopper Squad.
12.45 am Close: Christian Unity Week with Reverend Alec Gilmore.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 General Hospital. 5.15 Happy Days. 6.00 About Anglia. 10.30 Seven Days. 11.00 Friday Late Film: "Bye Bye Braverman." 12.40 am Men who Matter.

ATV

1.20 pm ATV Newsdesk. 2.45 Fantasy Island. 3.45 Money-Go-Round. 5.15 Happy Days. 6.00 ATV Today. 11.00 ATV Newsdesk. 11.05 Murder at the Movies: "Reflections of Murder."

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 General Hospital. 5.15 Bailey's Bird. 6.00 Lookaround Friday. 6.30 Mr. and Mrs. 10.30 To Russia for Burns. 11.00 Friday Night Movie: "Countess Dracula." 12.40 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "The Mark of Zorro." 6.00 Report At Six. 6.35 In Search of . . . Michael Rockefeller. 8.30 The Incredible Hulk. 10.28 Channel Late News. 10.35 Hallmarking. 10.55 TV Movie Premiere: "It's Good To Be Alive." 12.40 am News and Weather in French.

GRAMPIAN

9.20 am First Thing. 1.20 pm North News Headlines. †2.45 Friday Matinee: "Appointment With Venus." 6.00 North Tonight. 6.35 Sportscall. 8.30 Vegas. 9.30 To Russia for Burns. 10.30 Reflections. 10.35 The Comedians. 11.05 The Late Night Horror Show: "City of the Dead." 12.30 am North Late Night Headlines and Road and Ski Report.

GRANADA

11.50 am Stamp Stories. 1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Movie Premiere: "Nicky's World" 5.15 Mr and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 8.30 Vegas. 10.30 Double Vision. 11.16 Soap. 11.45 House of Horror: "Tales from the Crypt." starring Joan Collins and Ian Hendry.

HTV

1.20 pm Report West Headlines. 2.45 The Friday Matinee: "Letters from Three Lovers." 5.15 Mr. and Mrs. 6.00 Report West. 6.30 The Muppet Show. 7.00 Emmerdale Farm. 8.30 The Streets of San Francisco. 10.35 Report Extra. 11.16 The Friday Film: "Gone to Ground".

HTV Cymru/Wales—As HTV General Service except: 10.31-10.48 a.m. About Wales.10.48-11.08 Am Gymru. 1.20 p.m. Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Ar Lethrau'r Mynyddoedd Tan. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Welsh Agenda. 11.35-12.30 a.m. Sidestreet.

SCOTTISH

1.20 p.m. News Headlines and Road and Weather Report. 2.45 Young Ramsay. 3.45 Money-go-round. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.30 The Streets of San Francisco. 10.35 Ways and Means. 11.00 Late Call. †11.10 Appointment with Fear: "The Strangler."

SOUTHERN

1.20 p.m. Southern News. 2.45 Houseparty. 3.15 General Hospital. 5.15 Mr and Mrs. 6.00 Day by Day. Scene South East (South East area only). 6.30 Out of Town. 8.30 Hawaii Five-O. 10.30 Southern News Extra. 10.35 Challenge to America. 11.20 Soap. 11.50 The Late, Late premiere: "Ljubica".

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.45 Friday Matinee: "Assignment Redhead." 5.15 Laverne and Shirley. 6.00 Northern Life. 6.25 Sportstime. 10.30 North East News Headlines. 10.35 Taylor and Burton: "X, Y and Zee" 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. †2.45 Friday Matinee "Nurse On Wheels." 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 8.30 Vegas. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Friday Film: "Dead Man On The Run." 12.25 am Bedtime.

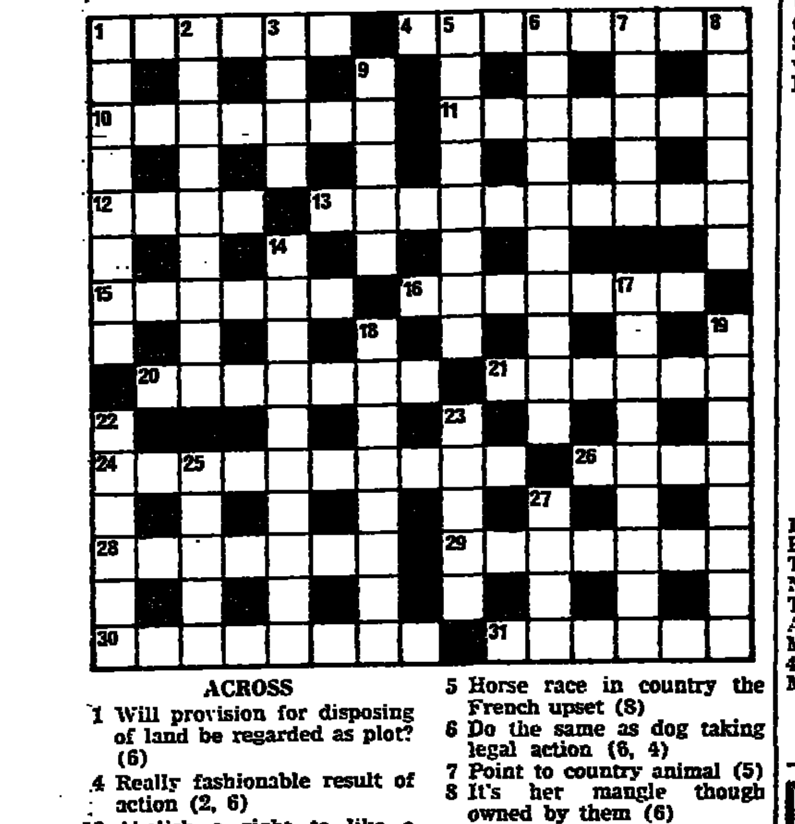
WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "The Mark Of Zorro." 4.12 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.30 The Weekend Show. 6.50 Just The Job. 8.30 The Incredible Hulk. 10.32 Westward Late News. 10.35 Bassett On Air. 10.55 TV Movie Premiere: "It's Good To Be Alive" 12.40 am Faith For Life. 12.45 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. †2.45 Friday Film Matinee "Interrupted Journey." 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 11.00 The Friday Night Film: "Dr. Jekyll and Sister Hyde."

F.T. CROSSWORD PUZZLE No. 4,183



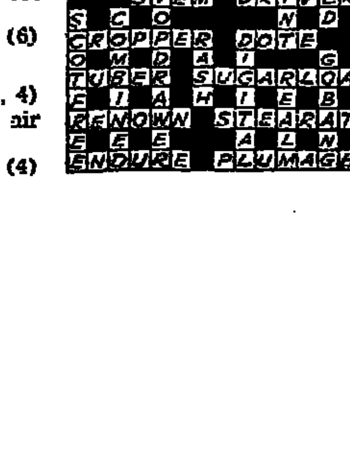
ACROSS

1 Will provision for disposing of land be regarded as plot? (6)
4 Really fashionable result of action (2, 6)
10 Abolish a right to like a ring (7)
11 Up to the time for cultivation (7)
12 Very keen to have Biblical king beheaded (4)
13 Not operating from commission (3, 2, 5)
15 Sailor like newsman brought down (6)
16 Exam success I have resigned without opposition (7)
20 Betray welcome to box-office manager (4, 3)
21 He makes a meal of the daily grind (6)
24 Mind baby has original bright idea (5, 5)
26 Get better soldiers before start of day (4)
28 Finish off Cornish saint with salad plants (7)
29 Affair (in slang) for female to report (7)
30 Cutting into southern court case (8)
31 Refusal fit for Christmas (6)

DOWN

1 Shrink tie on holiday (4, 4)
2 Opening one passed on air (9)
3 Exclusive gold club head (4)
5 Horse race in country the French upset (8)
6 Do the same as dog taking legal action (6, 4)
7 Point to country animal (5)
8 It's her mangle though owned by them (6)
9 Successful stroke embraces right complaint (5)
14 What a surprise to be firmly established always (4, 1, 5)
17 Turning round electric unit on key dial (5, 4)
18 Keeps going to force oriental boy (6, 2)
19 Stimulate one American girl to action that's extravagant (8)
22 Sailor queen heading orderly house (6)
23 Level with poker hand (5)
25 Beer surrounding divine muddle (5)
27 Female ought to have male lead (4)

Solution to Puzzle No. 4,182



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1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave
(B) Binaural broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.02 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S) (continued) 6.03 John Dunn (S). 8.02 Victor Silvester Jr (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Roy Castle. 10.30 Sarita Presents Sounds of Latin America. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Arnold (S) 10.00 Young Artists Recital (S). 10.55 BBC Northern Ireland Orchestra (S). 11.40 Ned Rorem song recital (S). 12.15 pm Midday Prom concert, part 1. 1.00 News. 1.05 An International Language? (talk by Fritz Spiegl). 1.20 Midday Prom, part 2 (S) 2.10 The Arts Worldwide. 2.30 The Music of Greece (S) 3.20 Cello and Piano recital (S). 3.55 Comparing Notes (S). 4.55 News 5.00 Mainly for Pleasure (S). 7.10 One Pair of Ears. 7.25 Play it Again (S). 7.30 Gabrieli String Quartet concert, part 1 (S). 8.20 Last Reflections. 8.40 Concert, part 2 (S). 9.30 Eden Scenes on Chrystal Jed (S and B). Programme for Burns Night, by Hugh Douglas. 10.45 Building a Library of Records (S). 11.30 Berg concert (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament 9.00 News. 9.05 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 The Wooden Horse. 11.00 News 11.05 Women of Words. 11.50 Bird Of The Week. 12.00 News 12.02 pm You And Yours. 12.27 My Music (S). 12.55 Weather, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour from Northern Ireland. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 The Brecchis Of Bards: The Italian coffee shops of Wales. 4.40 Preview. 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick Of The Week (S). 8.10 Profile 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope 9.59 Weather 10.00 The World Tonight: News. 10.30 The Hitch-Hiker's Guide To The Galaxy (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight 11.30 Today In Parliament 11.45 Just Before Midnight (S). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 The Extra Ordinary Level Show. 8.30-5.00 am Join Radio 2.

London Broadcasting

6.00 AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm Therese Birch—After Eight. 9.00 Geoff Sims—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 LBC Reports. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S) 9.00 Michael Aspel (S) 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 Adrian Love's Open Line (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Smith's Late Show (S). 2.00 am John Sach's Night Flight (S).

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THE ARTS

Cinema

The Great Australian Desert

by NIGEL ANDREWS

My Brilliant Career (U) Screen on the Hill and Odeon Kensington
The Big Fix (A) Plaza
Escape From Alcatraz (AA) Plaza
A Different Story (AA) Classic Poly
The Incredible Hulk (A) General Release

Gillian Armstrong's *My Brilliant Career* comes close to being the Identikit Australian film. Having opened the doors to their country's history in recent years, Australian film-makers seem to have been whooshed as one into an engulfing *fin-de-siècle* time-warp.

Frilled dresses and lace bob through the landscape, perky pubescent girls do battle with stern aunts or mothers, handsome males in Norfolk jackets twirl their moustaches, the outback stretches primitive and bronzed and beckoning, and that gold-filter effect that Peter Weir deployed so memorably in *Picnic At Hanging Rock* seems to have been passed around from production to production Down Under ever since.

The Australian New Wave, in short, has stiffened into an all-weather aureate Perm. And here we go again in *My Brilliant Career.* I swear to you that before I saw the film I didn't know it had the same cameraman (Don McAlpine) and screenwriter (Eleanor Witcombe) as the late *Getting of Wisdom.* But more and more, as it unfurled on the screen, this *bildungsroman* of a young girl from the outback who struggles to forge her own career and personality in the Golden Age of Australian patriarchy seemed like a cloning job from that earlier turn-of-the-century tale of Antipodean growing pains. Both, to boot, are based on autobiographical books: the first by Henry Handel Richardson (Miss), the second by Miles Franklin (ditto).

Freckled, pudgy and plain, like a Madeira cake that's gone wrong in the oven, Judy Davis enacts the heroine with spirit, guile and a wonky charm. The film, as it traipses from one staging post to another of her adolescent odyssey, owes more to her acting than it realises. She galvanizes scene after scene that otherwise has the stagy determinism of a TV costume saga.

Characters process across the screen hitting their chalk-marks and doing their bit for the story: the windswept, bravely-coping mother who tells her daughter she can no longer support her; the snobby, severe grandmother with whom the heroine goes to stay; the handsome local squire who strikes sparks in her heart but whose marriage offer she is too career-bent to accept; and the horrendous gaggle of hovel-dwelling children whom she is belatedly sent off to teach so that her father can be bailed out of debt. The story carries you along, jogging and comfortable as a landau, and so smoothly sprung you don't feel the bumps.

Yet what is the point of the story without the bumps? Author Miles Franklin's own life was a near-tragedy. Her feminist unorthodoxy in late 19th Century Australia — she wanted her own career as a writer or musician, she wanted love affairs outside the domestic subjugation of marriage—sent her first into social purdah, then into literal exile.


Judy Davis in 'My Brilliant Career'

But this cosy, pretty, morale-boosting movie flirts with suffering but never engages with it. It's gorgeous to look at, swimming around in the crystalline period haze of Australian movies, but it never pushes the story towards a sense of danger. The heroine has her little vicissitudes — quarrelling with grandma, suffering jealousy pangs when her beloved ogles another girl —but the whole film seems to glide on rails of happy-ending predestination towards the closing shot of her gazing with wistful, ah-the-future optimism across the lovely, lambent-lit Australian outback.

A few more movies like this and the Australian New Wave will look as if it's burying its watery head in the sand, preferring the soft backward and abysm of nostalgia to the harsh but bracing air of truth. *My Brilliant Career* is lovely to look at, delightful to know, but far easier to forget than it should have been.

The Big Fix is impossible to work out, never mind remember or forget. Ever since Watergate, American thrillers have rushed to be embraced by the tentacle arms of political conspiracy drama. The giant squid on display here has so many arms and suction-caps that you can hardly find a space to breathe, let alone see what's going on. Hollywood plots no longer thicken, they ramify and strangle.

Richard Dreyfuss, however, who showed he could handle a shark nicely in *Jaws*, does pretty well with the fish-mongery on show here. His pudgy schoolboy bumptiousness, uppity and nervy and jumpity, is lent to the role of a less-than-well-heeled gumshoe who is hired to investigate evil doings in the California governorship elections. Who is doing what to whom? The air is thick with smear and slander. Dreyfuss's girlfriend Susan Anspach comes to a sticky end while campaigning for the liberal candidate, and "odzounds! what's this?—a plot to blow up a section of the Los Angeles freeway during rush-hour?"

Dreyfuss rushes around like a decapitated capon trying to sort out the plot and carrying in tow his two children from an ex-marriage and his voluminous Jewish mother. And the audience. The film is like an episode of *Starsky and Hutch* that has got brain fever. It's so Byzantine you're ten paces behind most of the time and the best thing is to slacken off, or give up comprehensively, and just watch Dreyfuss the maestro at work. Whether getting high on a hookah or getting low on his mother's folksy Marxist dogmatism ("Come with me," she says to the children Jewish-motheringly at one point, "and I'll tell you a story of the Albanian labour party"), his bewildered nuttiness is a joy to see. Hollywood hasn't had a more irresistible screwball star since the young Cary Grant.

From the irresistible force to the immovable object in *Escape From Alcatraz* Clint Eastwood's flinty and obdurate charisma makes one feel that he would be better cast as the prison itself than as the convict trying *to escape therefrom.* Never mind: this is another of those *mucho macho* marriages-of-like-minds between Eastwood and director Don Siegel (of *The Beguiled* and *Dirty Harry*), marvellously photographed by their veteran collaborator Bruce Surtees (of ditto and ditto). The movie's images are atomised into a kind of roughneck pointillism: coarse-grained, angular, visually stunning.

That's how the film looks. How it evolves dramatically is another, more potboiling matter. Will Alcatraz, that top-lock island prison over the bay from San Francisco, lose its reputation for inescapability to Eastwood? Will he gouge a *wide enough hole through his* cell's ventilation shaft to escape to the rooftops and freedom? Patrick McGoohan clucks and eye-pops menacingly as his Irish-brogued Warden, fellow-inmates seethe and simmer picturesquely, and Eastwood walks through it all tall, cool and monolithic, looking more and more with each film as if it can only be a matter of time before he joins the geological immortals on Mount Rushmore.

A Different Story is one of the commercial cinema's periodic attempts to deal with homosexuality in a light-hearted and inoffensive way. Which generally means, as here, wrapping up the theme in a plot of such drivelling, hygienic flimsiness that it is likely to offend both heterosexuals and homosexuals.

A young gay man (Perry King) meets, befriends and shares a house with a young lesbian (Meg Foster), and after one semi-intoxicated spree in bed they decide to get married and live the life the Good Straight American Way. There, but for a few rib-tickling quasi-gay permutations (she goes out to work, he stays home to cook etc.), the dramatic and comic interest ends. The film is purpose-built to send audiences away feeling that homosexuality is no more serious or enduring than a cold in the head.

Why don't you go and see *The Incredible Hulk* instead? At least it has the courage of its own comic-strip insanity. Swelling green biceps, a mind-boggling casualty-rate in new clothing and a Boeing 747, weighed down by excess Hulk-age, about to crash into Denver Airport. What more could you *want from the cinema in a lean* post-Christmas week?


Anne Howells and Emile Belcourt — Leonard Burt

Coliseum

The Merry Widow

Lehar's *Merry Widow* returns to the fold of English National Opera in a new production by Colin Graham. It greatly pleased Wednesday night's audience and will no doubt please many more: the *Widow* is one of the few operettas that have safely crossed the musical class-barriers we still erect in London. There are more reasons, I suspect, than Lehar's richly tuneful score, though that is reason enough (what a treat, after poor Gazzaniga's parsimony the night before, to come away humming). The book, with English lyrics by Christopher Hassall and John Cox and new dialogues by Edmund Tracey, is at once better than most and free of the satire and classical allusions that seem to worry people in Offenbach.

The last ENO production, some seven or eight years ago, showed signs of social realism, suggesting that the Pontevdrian Embassy in Paris might have been fairly seedy. Mr. Graham and his designer David Collis have no such ambitions (which in any case are not borne out by the chocolate pudding of a score). They set their Balkan enclave in a whirl of Métro-entrance *art nouveau.* With the addition of a baby Brighton pavilion for the middle act, the framework serves as permanent set. If Mr. Collis hadn't *astutely reserved his best* costumes and colour-scheme for the last act one might begin to feel over-whirled.

In spite of these practical but effective splendours, the text in its present guise is strong enough to keep its head up and repay the trouble lavished on it by writers and performers. The *Widow* comes out as a detailed study of two warring, strong personalities madly in love in their different ways, each determined not to give way—a sort of Much Ado about Two Rare Shrews. The couple, the dissipated first secretary Count Danilo Danilovitch and the millionaire widow Hanna Glavari, whose fortune must somehow be secured for her ailing Balkan homeland, are played by Emile Belcourt and Anne Howells.

Miss Howells has beauty and personal distinction of a kind rare in opera singers. Her movements are elegant and subtle, her stillnesses regal. The voice is an individual and seductive mezzo. It did not always do all she asked of it on Wednesday ("Vilja," as many Hannas before her have discovered, is a beast to bring off) but she did nothing unmusical, vulgar or uninteresting. She looked expectedly ravishing in spite of a difficult, not really becoming hair do.

As Count Danilo, a ravaged Lothario with the external signs *of rakehood but not the fatal* inner weakness, Mr. Belcourt gave a performance of immense charm and accomplishment—an object lesson in style, projection and feeling to jeunes premiers and those not so jeunes who hope to shine in these fields. The second couple—Valencienne the erring wife of the Ambassador and her flirt Camille de Rosillon, were taken by two of the ENO's best artists, Della Jones and Graham Clark. Neither have got their role entirely right—she is a little too heavy, he a little too light. But Miss Jones made up for much by her splendid appearance in the last act as an outrageous grisette with a croak like Mistinguett.

As the Ambassador Eric Shilling was stentorianly fretful and umbrageous; as his much-tried clerk Njegus John Fryatt, remained unrecognisably saturnine until the (unremarkable) extra number added by Lehar for the first London production. As various Balkan diplomats and their ladies several members of the company gave strong support. Henry Krips conducted, firmly but not rigidly in control, dosing the whipped cream most tactfully—anyone who imagines this kind of score is easy to do so well must be mad. The chorus was jolly and the dancers bright (Pauline Grant's arrangements as usual seemed just right) even when they got out of step with the orchestra in the Pontevedrian dances.

RONALD CRICHTON

Globe

Born in the Gardens

One has wondered over the past few weeks what the West End managers had up their sleeves that justified all the special pleading in the face of economic crisis. At one fell swoop their case is illuminated by the arrival in Shaftesbury Avenue, via the Bristol Old Vic, of a new play by Peter Nichols that is as challenging as it is entertaining, as brilliantly acted as it is superbly crafted, and as genuinely contemporary as this morning's milk delivery. *Born in the Gardens* is the best new play to be seen in London for over a year.

Not for the first time, Mr. Nichols has coaxed a metaphor for the state of the nation out of a thoroughly conceived and expertly realised domestic setting. What a relief to escape from those cosmic wails behind closed Hampstead doors. John Gunter's cavernous, wood-panelled music room even asks its inhabitants to leave the stage for their drinks. We are in a mock Tudor barn where a drunken old self-made man is laid out in an open coffin surrounded by wreaths. His widow, Maud, maintains a desperate one-way conversation with soundless television alumni while her son, Mo (Barry Foster, who has never been better), a crumpled dealer in antiquarian pornography, serves ludicrous and highly-coloured cocktails in between indulgent assaults on a drum kit accompanied by his record collection of New Orleans jazz. The world is passing them by, they want no part of it or its hectic devotion to new music, new manners, new political affiliations.

Maud's other children arrive with offers of escape. Hedley, played with unctuous and devastating accuracy by Peter Bowles, is a Labour MP who sees his filial duty as the provider of domestic gadgetry. The freezer has been stocked with packet soup and Tampax in bulk. Both commodities are palpably useless, especially in the face of Beryl Reid's towering comic performance as the spry and self-sufficient widow of 70, with her "aphrodisiac" curly blonde hair-do and "Michael" wave oven. Keeping in touch for her has become an extended ritual of dusting Mo's drum kit and slapping down imaginary mites as they crawl up her arms and breed in the easy chairs.

The third child is Mo's twin, Queenie, sun-tanned, twice divorced and, in the svelte shape of Jan Waters, just as much an alien intruder as Hedley, representing as she does an almost fictional jet-set life bounding between California and Malibu. The beautiful use of Bristol idiom and pronunciation means that Miss Reid cannot even pronounce foreign place names, let alone come to grips with what on earth it is Hedley and Queenie are on about. Both outsiders have disembodied telephone conversations either side of the interval that hilariously imply that life for them, despite being sold as a desirable alternative, is dependent on the co-operation of lovers they despise.

The answer, according to Hedley, is for Maud to emigrate to a duplex in Palmer's Green with the dubious attraction of Brent Cross on the doorstep. Behind that offer lies more than a hint of shady property deals and the rejection of social responsibility. And just to add flavour, the twins engage in some incestuous rib-tickling on the floor which leads to the revelation that Dad was more physically attracted to his daughter than to his wife. Without Mr. Nichols's priceless gift for trenchant satire in his character portrayals and underpinning traditionalist values, you could be forgiven for thinking you were watching something by Joe Orton in slow motion.

The whole play is quite breathtakingly well structured, so that, just at the right moment, we learn from Hedley his own opinion of himself as a monument to mediocrity who can neither get his plants to flourish nor the Speaker to take notice of him in the House. Even the two carefully placed extraneous bangs, which signal Miss Reid's hobbling departure to wrestle with an old geyser, act as a richly symbolic commentary on her own withered sex life which now, presumably, revolves around sporadic inspection of a war-time love letter the children discover in her plastic yellow handbag. We finish as we began, with Maud and Mo cuddling up once more to their separate fantasy hobbies.

I am quite overwhelmed by the whole experience, and no praise is too high for the tactful skill with which the director, Clifford Williams, has marshalled the elements of an unforgettable evening, rich in laughter and tears, a vivid and deeply felt parable for our times.

MICHAEL COVENEY

Arts news in brief

The Arts Council is to hold a public forum on *The Arts Council and Literature* at 105 Piccadilly, London W1, on March 11 at 6 pm.

The forum will be chaired by Sir Roy Shaw, secretary-general of the Arts Council, while the chairman of the literature panel, Melvyn Bragg, and the literature director, Charles Osborne, will discuss the Council's work in the field of Literature.

Admission to the forum is by ticket only. Requests for tickets should reach the Council's Press Office by February 25.

*

The British Institute of Recorded Sound has organised *A Tribute to Pierre Bernac*, to be given next Tuesday, January 29, at 7.30 pm, at 29, Exhibition Road, SW7. The speakers are Sir Lennox Berkeley, Winifred Radford, Felix Aprahamian and Graham Johnson, and some of Bernac's many recordings will be heard. It is also hoped to launch The Friends of Pierre Bernac.

*

Sweeny Todd, the Stephen Sondheim musical which won eight Tony awards on Broadway, will open at the Theatre Royal, Drury Lane, on July 2. Denis Quilley is taking the part of the demon barber and Sheila Hancock is to play Mrs. Lovett. It will be directed by Harold Prince.

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Carter warns Moscow

AS INTERNATIONAL challenges to his authority multiply, President Carter's stature has grown. His display of leadership qualities has probably come as a surprise to many of his detractors—not least of them, Senator Edward Kennedy, his main challenger for the Democratic Presidential nomination. It could still all come dreadfully unstuck, particularly if the Tehran hostage siege ends badly. But in his latest pronouncement on the turbulent world scene—this week's State of the Union message—he has again managed to strike the right note, both in domestic and international terms.

Conscription

His warning to the Soviet Union against further expansionism in the Gulf area—with the threat of U.S. military intervention if it persists—stopped short of active sabre-rattling. But its measured firmness reflects the current mood of America. Itg he is politically vulnerable. it is on his move to resuscitate conscription. But recent opinion polls have shown greater support for increased defence spending than at any time in the last 20 years—among Democrats as well as Republicans—and their country's renewed desire for assertiveness has been magnified many times by the frustrations, and the blow to American prestige, inflicted by the students at the Tehran embassy.

At the international level, President Carter is quite right to reassert plainly that the Gulf is of vital strategic interest to the U.S. as it is, for that matter, to the West as a whole. That is a fact of life which is well known to the Soviet Union. But Moscow's analysis of how far it can push its luck in the area is bound to take into account the forcefulness of the Western commitment to the region and the lengths to which the U.S. is prepared to go in defending its interests, with the full backing of American public opinion.

President Carter's officials have declined to define the precise geographic area that would be defended by force if necessary. But his message is obvious enough—Afghanistan is one thing; any further advance towards the Gulf or the Indian Ocean would be another. He is right not to draw lines too rigidly on a map. An isolated incident on the Afghan-Pakistan border should not be allowed to escalate into World War Three. But the overall "Hands Off Iran and Pakistan" warning has to be clear.

It is almost certainly not Moscow's intention to invade either country, at least in the immediate future. There is no evidence that the forces required to do so have been deployed and the Soviet Army will have a tough enough time stabilising Afghanistan. The Afghan invasion was probably not part of a master plan to drive onwards to the sea, but the exploitation of an opportunity that presented itself. Moscow must also have felt that Afghanistan was already in its sphere of influence in a way that Iran and Pakistan are not. The corollary is that the Kremlin would—rightly—regard armed intervention in either of those two countries as involving far greater risks than the Afghan adventure.

That calculation will not, however, prevent further opportunistic attempts by Moscow to exploit internal dissension in the area, particularly in Iran. President Carter has been criticised for not spelling out the U.S. response if internal disruption were to threaten other Governments in the Gulf, and thus Western oil supplies. But he could hardly have been expected to do so at a time when the Gulf rulers are so sensitive about accepting American support. The implication, at least, of the State of Union message, is that the U.S. will step in militarily if oil supplies are seriously threatened from whatever quarter. At the same time, Washington appears to be quietly offering an olive branch to Tehran—"you release the hostages and we'll see how we can help you."

Firmness

Of course, it would help the U.S.—and President Carter—a great deal if the hostage problem could be satisfactorily resolved. It would also help if America's allies showed greater public recognition that a threat to the Gulf is a threat to the West as a whole, not just to the U.S. Nobody is asking West German battleships to steam into the Arabian Sea. But Moscow's assessment of the firmness and cohesiveness of the West's response to Afghanistan will be a key factor in its overall future policy formulation. The door must be left open, as President Carter indicated, for improved East-West relations at some stage in the future. But the Soviet Union must not be allowed to draw the conclusion that Afghanistan was cheap at the price.

Wanted: some new texts

THE CHANCELLOR of the Exchequer, in what was officially billed as a major speech in the City yesterday, repeated in essence the defence of Government policy put forward by the Financial Secretary a few days ago, which was in itself a more economically sophisticated version of what the Prime Minister had to say in her national television interview nearly a month ago. Since unpleasant truths do not change in a matter of weeks, this is not surprising; but it is becoming legitimate to wonder if repeated lectures on the realities are a total recipe for leadership.

Satisfaction

In one sense, the Government can take considerable satisfaction in what has been achieved so far. Almost every day there is new evidence that somebody, somewhere, is beginning to behave a little more rationally—a settlement well below the current rate of inflation by local authority manual workers, an admission by the BL shop stewards that Mr. Derek Robinson's cause is almost certainly a lost one on the shop floor, the end of a long and obstinate resistance by lorry drivers to the tachograph. Equally, managements, under the unremitting pressure of a strong pound, are at last tackling the task of cutting costs and raising efficiency with real urgency. The message increasingly is getting through.

However, not all the signs are so encouraging. The coming one-day stoppage in Wales, which may be followed by an indefinite strike in the Welsh coalmines, is a reminder, as is the steel strike, that those who have long been sheltered from reality may understandably choke on the dose when it is offered to them. This is especially true when they see no hope of relief for their own problems, whatever may be hoped for the economy at large. There are also signs of an increasingly sullen mood among the TUC leaders, who traditionally try to work with the Government in power, with the moderates showing the clearest signs of frayed nerves.

While no one can be expected to stand up and cheer about our present economic situation, the Government does have a duty to try to assist the adjustment in a positive way wherever there is an opportunity, and it would be encouraging to see more sign of this.

There are three broad approaches, all of which could have their part to play. The first is a more active concern for those industries and regions which are being hardest hit. Although Mrs. Thatcher no doubt has a healthy contempt for the kind of empty gestures with which Sir Harold Wilson became identified, the appearance of doing little or nothing is scarcely more appealing. Even quite modest steps—for example, ensuring that so far as possible increased spending on defence goes mainly to the hardest-pressed regions — would help. The Government should also give a clear and public priority to the projects it is in fact considering, such as Sir Geoffrey Howe's enterprise zones, which might generate new opportunities.

Responses

A second approach needing attention is closer study of the likely responses to actions the Government does take. The response in wage demands to higher indirect taxes and public charges may be irrational, but it was highly predictable, and the sad fate of the Government's tax-and-price index shows the limitations of the schoolroom approach. In general, people seem readier to accept the unpleasant side of an efficiency drive, including redundancies, than to give way to what they see as a threat to their living standards.

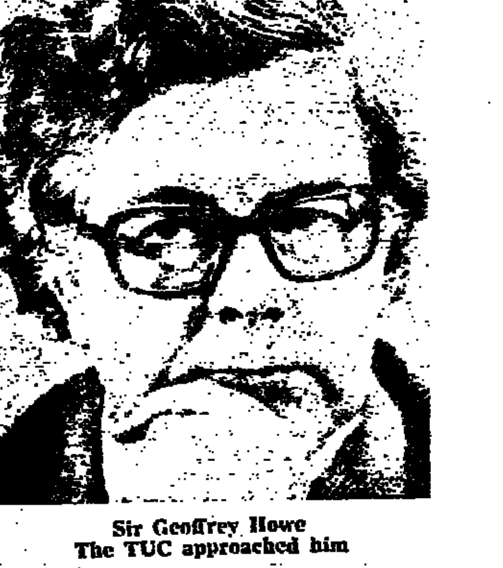
Given that we do face some national austerity, there is a third, time-honoured British precept which deserves restating: equality of misery. This is especially important at the moment. We face an unpalatable Budget, and the more unpalatable it is, the more important that it should be seen as even handed. In short, the country needs to be led towards reality, not lectured. It will be no comfort, if the attempt fails, to wave a banner inscribed "We told you so."

POLITICS TODAY: BY MALCOLM RUTHERFORD

Steel: the Government stands pat


Sir Keith Joseph
Theologian to the Government


James Prior
No present rift with Sir Keith


Sir Geoffrey Howe
The TUC approached him

WHEN THE time comes to look back on Mrs. Thatcher's Government, it will be surprising if the first few weeks of 1980 are not seen as something of a turning point.

The steel strike has come to the forefront of British politics almost by accident. It was not engineered by the Government, by management or by the unions. The TUC indeed very nearly succeeded in preventing the strike taking place just before the new year. Yet the strike is on, is now in its fourth week, and there is little sign of a breakthrough. For both the Government and the unions it has acquired a significance that goes far beyond the steel industry.

For the Government it is the first real test of its economic and industrial policies. The Conservatives were elected on a platform of reducing subsidies, of non-intervention in industrial disputes, and of allowing management to manage. What better ground could there be, it might seem, on which to put those policies into effect than the British Steel Corporation, a company that has been losing at times £1m a day, which is overmanned even by British standards, and whose management has been dogged by political interference?

Ripple effect of closures

Yet look again from the point of view of the unions. The steel workers on the whole have shown themselves to be pretty placid. This is the first national steel strike for over 50 years. Even now the unions are striking over a pay offer rather than the closures which threaten to reduce the work force by another third by August this year. The closures may be regarded as inevitable in time, but are the unions just to sit back and allow them to happen? In particular, can they really be quiescent when the steel closures could have a ripple effect on the coal industry and on the railways, and all that in areas, especially South Wales, which have already been devastated by industrial decline?

The steel strike has thus become a symbol of the gap between the Government and the unions. On the more philosophical level it is a test of whether the Government can succeed in putting its theories—some would say its theology—into practice. On the more basic level it is a signpost for other industries. The pay settlement in steel will be closely watched by other sectors which have pay claims in hand. So too, will what happens about productivity. If the Steel Corporation gives way on manning levels, one of the Government's fundamental aims, namely the achievement of higher output per man, will have been undermined.

Above all, there is the question of the Government's own actions. If the Government intervenes directly in the steel strike, it will be seen as a precedent for future disputes. Intervention would be widely interpreted if not as the beginning of the famous U-turn, then at least as the resumption of beer and sandwiches at No. 10.

So far what is happening is a trial of tactics rather than a trial of strength. There is a game of "chicken" in which each side—Government and unions—dares the other to see how far it will go. The steel unions have played the political card by securing a meeting with Mrs. Thatcher and the Ministers concerned, Sir Keith Joseph at Industry, and Mr. James Prior at Employment. Yet they found that there was no give in the Government's position, no new money, and no postponement of closures.

The real initiative from the unions, however, has come in the form of the request from the General Council of the TUC for a meeting with Sir Geoffrey Howe, the Chancellor of the Exchequer, at which of course the other ministers would be present.

The initiative is concerned with far more than the steel dispute. What the unions want is the establishment of a continuing dialogue with the Government and the introduction of something called an industrial policy. An "industrial policy" is broadly defined as selective and transitional assistance to core industries. In the particular case of steel, this might mean the provision of £150m-£200m to slow down the planned closures while the unions would give assurances of increased productivity.

In order to make the package more palatable to the Government, union officials say that they are proposing that some of the money should come from the EEC. They do not believe that all the possibilities of European Community aid to declining industries have been exhausted. Moreover, they point out that nearly all members of the Community have an industrial policy which includes subsidies. Not least, the unions are asking for restrictions on the import of coking coal which they say would help the coal and steel industry alike: the steel industry would have to be subsidised to buy British coal.

The TUC approach has been made to Sir Geoffrey rather than Sir Keith because, in his role as Chancellor, he has overall responsibility for the nationalised industries and it is those which the unions want to discuss. It is also said that Sir Geoffrey as a Welshman might be more sympathetic than Sir Keith to the plight of South Wales, and that if Mrs. Thatcher is to be persuaded to break with Sir Keith's theology, the Chancellor might be a more acceptable interlocutor than Mr. Prior, who is already known for his interventionist leanings.

The meeting should take place next week. It is hoped on the TUC side that it will be the first of many as the first glimmerings of an industrial policy come into view. Only if it breaks down completely should one take seriously the talk of a prolonged general strike. It should be remembered, however, that the unions will probably have quite a lot else to stomach in the next few weeks: for example, a budget which raises taxes on alcohol and tobacco and eases tax on investment income, as well as cuts in the social services.

How then does the Government see it? In the first instance, it is worth returning to the relatively narrow issue of the steel strike. From the Government's point of view it is a marvellous opportunity to assert the principles of non-intervention, insistence on cash limits and management's right to manage. Besides, the strike so far has not been so very damaging. The steel-users are not in revolt. Many of them say that they have adequate supplies for another four weeks. There is no great pressure at the moment on the BSC to settle, or even to raise its offer.

At the end of the road there is the possibility of an even more glittering prize. What if the unions were to settle for something like the terms already on the table and the closures were to go ahead more or less as planned? There might then be a streamlined BSC capable of making profits and competing with the best of them. Steel would cease to be an issue in British politics, except as an example of successful Tory reform and a model for other sectors.

The possibilities of radical change go much farther than is generally realised. The Steel Corporation that emerged from having stood up to a strike would be quite different from the one that went into it. One hesitates to speak of denationalisation, but the form of decentralisation that could be achieved would amount to that in all but name. The corporation could be broken up into perhaps six units, all more or less independent, with their own boards, and competing with each other. The old monolith of BSC could go, and some of the parts might seek private capital.

It would be a mistake to underestimate the attractions of that course either to the Government or to the BSC management. In a way it is already happening: witness the little-noticed formation recently of BSC Holdings (the name itself speaks volumes) to bring together tin-plate, stainless steel and various other products into one group, or the founding of BSC Yorkshire and Humberside which looks remarkably like the old United Steels Company before nationalisation. For Mrs. Thatcher and Sir Keith the prize of denationalisation through the back door would be certainly worth fighting for.

There might even be a new company (BSC 1980?) founded by statute and with some of the debt written off. The search for a direct successor to Sir Charles Villiers, who retires as chairman in September, could be abandoned because the chairmen's duties would become largely supervisory. Even the Kremlin of British Steel—the building in Grosvenor Place which symbolises the bureaucracy—could go because it would no longer be necessary. For someone of Mrs. Thatcher's persuasion this is an apple worth plucking.

Mrs. Thatcher might be still more delighted if the new BSC were to agree to sell off the steel works at Consett, which at present are simply scheduled for closure. Disposing of them to the private sector would be a real earnest of the corporation's willingness to compete. So far the BSC management has refused to have anything to do with the idea.

Yet what of the Cabinet as a whole? There are some Ministers who dislike that Government's economic policies and who believe that sooner or later there will have to be a return to interventionism, otherwise known as flexibility. But they are not much consulted about the steel dispute and the chances of a rebellion at this stage are remote.

Apart from Mrs. Thatcher, the Ministers most involved are Sir Keith, Mr. Prior, and to some extent Sir Geoffrey. There is no great rift between Sir Keith and Mr. Prior on this issue. Ministers are not particularly impressed by the BSC management. They believe that the original pay offer was mishandled, something which is now admitted by the management itself. It is said that the 2 per cent offer, which was really a consolidation of the previous agreement, should never have been presented as "new money." Instead the Corporation should have offered nothing except talks on productivity. In that case the strike might never have happened, which is clearly what ministers would have preferred.

Sitting-out strategy

Now that the strike is on, however, the Government appears prepared to sit it out, at least for another week or so and perhaps for a good deal longer. There is no sign whatsoever of the Government being prepared to offer more money and not much confidence either that the strike will be settled by ACAS, which is at present talking to unions and management. The word is that ACAS will be allowed to trundle on for a bit, but that nothing much will come of it.

Other possibilities are arbitration and the BSC finding more money to settle by raising its own prices. Ministers' determination to remain outside the dispute remains firm. The BSC management, it is said, must make its own commercial judgment about what it can afford, for example by measuring the losses from the strike against the costs of an increased pay offer and a new pricing policy.

Whether the Government will remain as calm if the strike is still going on in a few weeks' time is another matter. The chances of both sides being called to the Department of Employment for informal talks would then surely increase.

Yet the most worrying question must be whether the steel dispute will act as a catalyst for the trades unions' other discontents. Until the steel strike began ministers were reasonably confident that there would not be undue trouble on the industrial front this winter. Now they are not so sure. They admit that they have little to offer union leaders in the short term. The rewards for trade union members will only come if and when Tory policies begin to work, and that could be some time ahead. As for the meeting which the TUC has called with Sir Geoffrey, the general attitude is one of a resigned shrug. "The unions know our policies," it is said, "and the alternatives didn't work."

That is why the next few weeks could be so important for Mrs. Thatcher's government. The prize of a steel settlement without intervention would be great, but the consequences of a continuing strike and escalating problems with the unions could be severe. At present there is no sign of a change of course. The game of "chicken" continues.

MEN AND MATTERS

Mysteries of the sunken sky

THE SUNKEN Aeolian Sky, sitting on the bottom of the English Channel off Weymouth, has much to answer for: £4.5m worth of Seychellois rupees which have disappeared virtually without trace. All that has been discovered so far is a handful of 100-rupee notes which a hopeful fisherman tried to cash at his local bank, claiming to have caught them in his lobster pots.

Jim Rowland, managing director of Eurosalve, explained to me yesterday how his divers were sent on a top security underwater wild-goose chase by the Salvage Association and Crown Agents who had supplied the new notes for the Seychelles Government.

Inventing a tale that valuable X-ray film had to be rescued, and drawing his four divers from four different towns, he entered into the super whole heartedly. "I felt quite honoured. We are only a small company," he said. After eight weeks sitting on his secret and waiting for the weather to clear, his team finally broke through a window into the ship's "safe" room—a hospital cabin next to the captain's day quarters. After being sent spinning into the murk by a getaway mattress and boxes of Smarties and polo Mints, the explorers ventured in to find precisely nothing. Of the cash boxes, waterproofing: not a trace. "A bed and a desk had also vanished," Rowland confided.

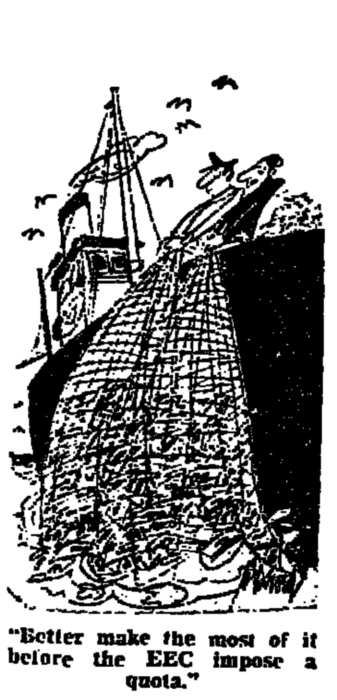
"The doors were completely missing, wrenched off their hinges. At first I thought the ship had been pirated, but the damage to the doors and corridors beyond was so great it could not have been done by a man or a diver."

He believes the hospital cabin was one of the last areas of the ship to be flooded. Bearing the full force of the water and debris pouring through the vessel. It must have been flushed out about 20 times, he claimed.

This does nothing to explain, however, why the soluble Smarties should have survived while the heavy money boxes vanished. Rowland tells me his men will be braving the depths again to search the last remaining section of the ship where the money could conceivably be.

Crown Agents sat tight-lipped all yesterday. "We're waiting for the Seychelles monetary authorities to take the gas off," I was told. But by last night officials had still offered nothing other than their assumption that even if the money had fallen into criminal hands it would be worthless because the normal procedure in such calamities was for a national bank to "de-monetarise" the lost cash.

Principal loser, it appears, will be Lloyds member London Assurance, lead underwriter on the risk for the rupees. London told me, however, that its liability covered only the cost of reprinting the notes: £20,000.


"Better make the most of it before the EEC impose a quota."

were not too worrying either. One wanted action over lunchtime gambling in the Daily Express canteen; another was concerned about the dead flowers in the Ritz Hotel window-boxes. Everyone enjoyed catcalling the man who wanted Trafalgar to cancel its gifts to the Conservative Party, "the party responsible for this country's economic decline since the war." Chairman Nigel Broackes happily reassured another man that he would refrain from giving any financial support to the Moscow Olympics. The final questioner aired his longstanding problems in getting information from the promotions director. I nearly fainted—nowhere in there was a person who had some questions about the difference in meaning between the words "listed" and "quoted."

Outside telecast

Lloyd's of London is understandably shy these days. A wave of scandals of one kind and another, and spectacular losses of £156m on computer leasing insurances—the largest series of major claims in three centuries—are not subjects which encourage Lloyd's officials to be over-helpful towards the fourth estate.

Even the persuasive men behind the cameras of Thames Television's "Inside Business" failed in last night's programme to penetrate very far. It is true that viewers were treated to a charming, grainy piece of film which has been knocking around Lime Street for years showing how the market originated in a coffee house in the 17th century. We were also treated to some candid shots of a thoroughly uneventful transaction between a broker and an underwriter. And Lloyd's, it must be said, was also persuaded to field Peter Miller, one of the committee's more articulate members, to answer a few questions.

The protagonists in the computer leasing affair—notably brokers Adam Brothers Contingency—were conspicuous by their absence. "Legal advice from the U.S.," Lloyd's told me, had persuaded the committee to keep them off the screen.

So it was left to sundry computer buffs who had nothing to do with it, and Miller, who also had nothing to do with it (but who has attended one of those courses on how to face television cameras) to explain what went wrong. "Lloyd's," said Miller in a moment of triumphant inscrutability, "made a very bad mistake."

Question time

Many companies must envy Trafalgar House its shareholders. Of 300 who turned out for their free drinks at the AGM yesterday, 294 did nothing more alarming than catcall the remaining six. Their activities

Cat calculations

As if British Steel did not have enough on its plate, the Cats Protection League is now on its tail about factory cats. "These are not pets," says the league's director, Major Bill Garforth, "but there to do a job, to keep down the infestation of rats, mice and other vermin." He is concerned that the strike will result in the "horrible death" of thousands of these worthy creatures.

"There is perhaps a certain amount of overmanning going on here. According to Major Garforth himself, who has been rushing emergency supplies of catfood vouchers northwards, the Shotton works has over 500 cats, and 30 or so elsewhere is not uncommon. Of course, these are only estimates. "One female can over five years be responsible for over 20,000 progeny. She'll have a litter of say seven or eight after six months, within six months half of those are producing their own litters and she'll be having another one . . . it's a simple mathematical progression."

Observer

The limits of detente

By DAVID SATTER, Moscow Correspondent

THE PROGRESS of detente has always been based on some necessary illusions. With the invasion of Afghanistan and the exile of Dr. Andrei Sakharov, the Nobel Peace Prize winner and leader of the Soviet human rights movement, they are being dispelled all at once.

The Soviets want detente for political, economic and psychological reasons. Disarmament reduces arms expenditures and trade brings access to western goods. Cultural, technological and sporting exchanges earn the respectability which comes of co-operation with the rest of the world. But the Soviets, because of the ideological nature of their society, have no political goal — including detente—which transcends their commitment to expanding their own power. They have insisted from the beginning that Soviet military intervention in the Third World and the final say on how they treat their own people are no concern of anyone else.

Recent events have seemed to be dominated by a sinister automatism. The invasion of Afghanistan expanded at a stroke the area of the Soviet military bloc, but it also prompted U.S. grain and technology embargoes and President Carter's intention to boycott the Olympic Games in Moscow.

Soviet officials answered the U.S. moves not by taking economic and political steps against the U.S., but by exiling Dr. Sakharov.

While it lasted, the freedom of Dr. Sakharov, who symbolised resistance to totalitarianism, epitomised the Soviet authorities' desire to appear less repressive and to preserve elements of trust and mutual comprehension essential to the development of East-West relations. His forcible removal from Moscow signals a new attitude towards dissent and towards the opinion of the outside world.

Relations between the Soviet Union and the U.S. have now sunk to their lowest level since the Cold War, and the speed with which the fabric of relations has come unravelled reflects the diametric opposition of the Soviet and American conceptions of detente, which could only be ignored, but not reconciled.

The U.S., guided by Dr. Henry Kissinger, the former Secretary of State, sought to restrain Soviet behaviour by creating a web of mutually beneficial relations that the Soviets would be unwilling to risk by adventures in the Third World or by the kind of mistreatment of their own citizens that would attract unfavourable attention in the West.

The Soviets saw detente more narrowly, as a means of reducing military tension with the West to enable them to meet the threat from China and to gain western technology. They assumed it would be possible to continue to expand militarily in the third world and that the fate of the Soviet human rights movement, however much it might exercise western public opinion, would not affect their relations with western governments.

The incompatibility of the two viewpoints became obvious at the latest with the invasion of Afghanistan. But the Soviets mounted their first overt challenge to detente, as the U.S. understood it, in 1975, three years after President Nixon had gone to Moscow to sign the first Strategic Arms Limitation Agreement, SALT 1, and the major agreements on scientific and cultural exchanges and trade. Soviet advisers and Cuban troops intervened in the Angolan civil war and assured the victory of the MPLA faction of Mr. Agostinho Neto. The angry public reaction in the U.S. to the intervention was an important reason why the SALT 2 negotiations were put off for more than a year.

Flexibility

The Soviets did show some flexibility on human rights. They avoided arresting prominent dissidents and allowed others to be exchanged. They did renounce the 1974 Trade Act when amendments made to it in the U.S. Congress tied trade advantages to explicit assurances that Jews would be allowed to leave the country. But Jewish emigration, after a temporary drop, began to increase to record levels a short time later. Soviet officials made a quiet effort to use this fact to get the amendments removed.

When President Jimmy Carter took office in 1977, the SALT-2 negotiations were resumed, but the reaction to the Angolan intervention did nothing to dissuade the Soviets, using the Cubans as their proxies, from mounting another military operation in Ethiopia early in 1978. Soviet advisers, $1bn worth of Soviet weapons and 17,000 Cuban soldiers helped the regime of Lieutenant Colonel Mengistu Haile Mariam defeat an invasion from neighbouring Somalia. In 1978, Vietnam, a close ally of Moscow's, invaded Kampuchea and replaced the Pol Pot regime with the Vietnamese puppet government of Heng Samrin.

It was against this background that the Afghanistan crisis which threatens to take U.S.-Soviet relations back to the Cold War emerged. The Soviets were faced with a deteriorating situation in Afghanistan where a pro-Soviet Government, installed by a coup in 1978, appeared in danger of being overthrown by anti-Soviet Muslim guerrillas.

The Soviets paid no political price for their intervention in Angola and Ethiopia. But they cannot have been under any doubt that there would be a sharp American reaction if they flouted the U.S. notion of detente by intervening openly in Afghanistan.

Detente created greater security in Europe, but only on the condition that the Soviets did not go too far through open military intervention in tipping the balance of forces in the Third World. The U.S. had little choice but to link detente agreements to Soviet behaviour in the Third World because the Soviet Union has several inherent advantages there. No public outcry within the Soviet Union will prevent the dispatch of Soviet or Cuban troops to a zone of conflict. Once a Soviet-style regime has been installed in another country, the Soviets work to ensure that it will never be displaced.

When the Soviets decided to go into Afghanistan they had reason to be worried about the strategic situation on their southern border. Soviet officials saw little prospect for good relations with Iran's religious leaders in the long run, in spite of present U.S.-Iranian conflicts. All attempts to improve relations with China had been rejected as China moved steadily closer to the U.S.

Soviet officials have said that when the Soviet union went into Afghanistan they believed that they had very little to lose because of the failure of the U.S. Senate to ratify SALT-2, the NATO decision to deploy new medium range missiles in western Europe, the increase of U.S. and NATO defence spending, and the long standing U.S. failure to respond to Soviet "signals" asking for broader trade opportunities.

All this is probably true, But there is little possibility that the Soviet Union would have desisted from invading Afganistan had the survival of a Marxist regime there depended on it, no matter what the state of detente. The goodwill of the detente era carried within it the risk that people in West, who value the benefits of East-West cooperation, would lose their sense of realism. Even President Carter was affected by this.

Hierarchical

The Soviet Union, although an established power, differs fundamentally from most other states. It is organised like a revolutionary movement with the hierarchy, discipline and secrecy of the pre-revolutionary Bolsheivik Party.

The idea of the Soviet Union as the vanguard of a committed ideological movement is false if measured against the Soviet people's true beliefs and could almost be abandoned were it not frozen into the power structure of Soviet society with its lack of liberty, hierarchical gradations of authority and privilege, and proliferation of "secret" establishments which do not guard anything that would be considered secret in any other society. But being organised like an ideological movement, it feels compelled to act like one.

When the U.S. announced its retaliatory measures, it was restricted in the methods it could choose, but the grain and technology embargoes and the threatened Olympic boycott, whatever their practical consequences, are certain to have a deep and lasting effect.

Soviet leaders often betray a desire for Western style respectability and their decision to banish Dr. Sakharov, after 10 years of tolerating his dissident activities, is one measure of how deeply the U.S. rejection of them has hurt. The attitude of the Soviet regime towards dissidents has always been repressive. The arrest and exile of Dr. Sakharov is a sign that, having given up hope of attaining Western style respectability, the Soviets are now about to demonstrate to the world the extent to which they had previously been restrained.

Mr. Roy Medveder, the dissident historian, once noted that the 1970s had been the quietest decade in Soviet history, but added cautiously that there was no way to be sure that the stability that the leadership of Mr. Brezhnev had sought to bring to the country could be guaranteed in the years ahead.

With Mr. Aleksei Kosygin, the 75-year-old Prime Minister, seriously ill after a heart attack and Mr. Brezhnev reportedly working only three or fours hours a day because of failing health, the Soviet leaders and those who will soon succeed them face a world situation clouded with uncertainty.

Soviet armoured personnel carriers in Afghanistan: expanding Soviet power is the chief goal

Letters to the Editor

Technological innovations

From Dr. B. Seal, MEP for Yorkshire West

Sir,—It is unfortunate that your editorial on "Adopting new technology" (January 11) merely repeats some of the views expressed in the Department of Employment report without comment, as there are many reasons for supposing that the effects of micro-electronics will be more dramatic over the next two decades than the report indicates.

Other studies have pointed out that technological innovations with a broad impact have, in the past, been responsible for widespread social dislocation. Because of the much wider effect of the micro-processor, however, we can no longer rely on sufficient economic growth to mitigate the undoubted social disruption which will occur over the next 20 years.

The Department of Employment report is only able to take such a rosy view of the employment impact of micro-electronics by defining "job loss" as actual forced redundancies rather than the decline in the number of people employed through "natural wastage." It may be that the number of redundancies directly attributable to micro-electronics will be low, but this will hardly compensate the school leavers who are unable to find jobs.

Far from British industry being in the grip of "exaggerated fears" about the employment impact of micro-electronics it is, as too often the case, wallowing in contented complacency.

Using any reasonable estimates, the employment situation in the 1980s will be extremely bad for both work force and productivity growth will far outstrip GDP growth. The accelerating productivity growth produced by micro-electronics, especially in the under-capitalised service sector, will without imaginative Government action in the near future, turn this situation into a dangerous crisis.

(Dr.) B. H. Seal.
City Hall, Bradford,
West Yorkshire.

Citizen's band radio

From the Member of Greater London Council for Bexley, Erith and Crayford.

Sir,—The article by Elinor Goodman (January 21) highlights the present impasse faced by Government in legalising the personal freedom of citizen's band radio.

The Government is faced with the dilemma of additional staff costs. The Minister quantified the number of civil servants required as "tens rather than hundreds." My estimate is 50, not all of whom will be additional to the present Post Office pay roll. Taking a liberal staff costing £12,000 per person, per year (wages, plus heating, lighting, pension etc.) gives an annual guesstimate of £600,000.

Now the National Electrics Council officially estimates sales of 300,000 CB sets per year, at an average price of £150 per set, equal to an annual market of £45m. VAT, plus licence fee (paid three years in advance over the counter when you buy your set) which totals £8.25m. By legalising CB, Government, therefore, receives additional revenue of £7.65m per year to which must be added the taxation on sales profit, wage taxation on at least an extra 2,000 jobs created in the British electronics industry.

There is also the export potential of a superior British design when Europe is thrashing about looking for an alternative to their present radio mayhem.

Richard Town.
Members' Lobby,
County Hall, SE1.

Melting silver

From Mr. D. Toft

Sir, — The chairman of Phillips, the auctioneers, was reported (January 22) as saying that the government should step in to stop the melting down of antique silver objects. His argument was that this was short-sighted and was destroying the national heritage.

Mr. Weston appears to believe that the heavy hand of Government prohibition is the best way to save people from their presumed lack of judgment. The fact is of course that the vast majority of the objects being sold for melting down is junk which the owners have wisely sold at the top of the market. I suspect that even a humble bullion dealer would be able to distinguish a priceless piece of national heritage from attic bric-a-brac.

D. M. Toft
The White House,
22 West Side,
Wimbledon, SW19

Paying child benefits

From the General Secretary, National Federation of Sub-Postmasters

Sir,—Further to "Observer's" comment (January 22) I hope you will be receptive to a personal "cri de coeur."

It is not true, as has been stated in the Press elsewhere, that the Department of Health and Social Security pay a fee of 35p every time a child benefit voucher is encashed at the Post Office. The true figure for the weekly encashment is only just over 8p. The quoted figure of 5p for payment into a bank pays no regard to the bank charges that may then be incurred in handling the account, nor to the travelling costs of getting there.

The mothers of this country have already had to fight one battle to retain child benefits to their name. They do not want to lose that right now. Neither do they want to travel miles to find the nearest bank as against the ready accessibility of the Post Office. The net result of the proposals being considered, however, will, if brought into effect, make the local Post Office as scarce as the bank. This will then affect not only the payment of child benefits but all the other services and advice that are currently obtainable at the local sub-Post Office.

These are the dangers the public is facing from the ideas being considered by Government.

Norman Taylor,
Evelyn House,
Windlesham Gardens,
Shoreham-by-Sea,
West Sussex.

Employment Bill

From the National Chairman, Conservative Trade Unionists.

Sir,—Mr. Len Murray's firm statement that the trade union movement is opposed to the whole of the Government's Employment Bill is quite intolerable. Poll after poll has shown that the overwhelming majority of trade union members support the measures on secret ballots, secondary picketing and the closed shop. If anything they would like to see the Government go further. These polls show that union activists are also enthusiastic.

Mr. Murray and his colleagues should put their personal prejudices behind them and support the Government in its attempt to improve industrial relations along the lines that union members have clearly demonstrated they want and indeed along the lines that the TUC itself suggested under the last Government.

Fred Hardman.
32, Smith Square, SW1.

Settling disputes

From the General Secretary, Aerospace Association, Engineers and Managers Association.

Sir,—Mr. Tom Boardman (January 14) on behalf of the Association of British Chambers of Commerce, commenting on the Employment Bill, says that Parliament has a duty to ensure that the law provides for disputes to be settled by less harmful methods than industrial action. We certainly agree with that.

No doubt Mr. Boardman's association has in mind such matters as secondary picketing, and the resolution of disputes between an employer and a recognised trade union. For the record, let me say at once that the Engineers' and Managers' Association is opposed to the introduction of closed shops. In this we differ markedly from the Amalgamated Union of Engineering Workers (TASS) which seeks a closed shop at every opportunity.

Our union does have one serious disagreement with the Employment Bill, and that is the proposal in clause 16 to repeal sections 11 to 16 of the Employment Protection Act, 1975, which set out the procedure for the settlement of claims for recognition of a trade union which seeks to represent its members for the purposes of collective bargaining. Under the EPA 1975 a union which has not been able to persuade an employer to recognise it has the option of appealing to the Advisory Conciliation and Arbitration Service for a recommendation. The majority of employers will accept such a recommendation.

In the aerospace industry, site managements which have so far declined to recognise the Aerospace Association have said that the union should go to ACAS. The fact that ACAS could be challenged if its report was thought to be perverse was a necessary safeguard. By the terms of the Employment Bill there will be no such safeguard. There will be no machinery whereby a trade union can challenge the refusal of an employer to grant recognition. If an employer is under pressure from a militant, Communist-led trade union not to recognise another, moderate, trade union, and he buckles under that pressure, what then do we moderates do?

One answer would be to take to the streets, and thereby behave in a manner which our members and the employers deplore. If our members had wanted to behave in that fashion they would have joined AUEW (TASS) in the first place.

We are dismayed that this Government should be in the process of dismantling ACAS. It is as though the Government is playing into the hands of the militants, and indicating that brute force can win the day on a recognition issue. How strange that in one Bill we find a remedy for the ill of secondary picketing and a prescription for industrial action on recognition.

Peter Fairley.
39, High Street,
Wheathampstead,
St. Albans, Herts.

Travel in cities

From Mr. I. Simons

Sir,—Anatole Kaletsky's Lombard (January 11) struck a responsive chord in a returning London resident who has enjoyed and marvelled at the Paris region public transport system for the last five years.

Is there no cross fertilisation in this era of rapid communication between public transport authorities in different countries; why not emulate or at least learn something from the best?

If London now has one of the worst and most expensive systems of public transport in Western Europe, Paris arguably has the best and cheapest. It is very heavily subsidised. For between £8 and £12 a month one can travel on a season ticket on any part of the Paris and Paris region public transport system (bus, metro, SNCF) at any time as often as desired. An annual season works out cheaper still. The 10-ticket carnet (about 25p per ticket) may be used on either bus or metro and the single ticket journey costing the most (30p). No queueing at ticket offices on embarking on a journey, none on leaving stations: less hassle, frequent trains and buses, more cars left at home, less staff needed and more spot checks and policing of the system.

On the other side of the subsidy coin: the increasing number of people leaving their cars at home because they can travel cheaply and conveniently by public transport. And how many thousands of productive man hours gained through arriving at work less exhausted in Paris than in central London?

Maybe Sir Horace Cutler could persuade Leslie Chapman to spend a few days in Paris?

Ian Simons,
6, Holland Park, W11.

Fiendishly unexciting

From the Director of the Civil Service Selection Board

Sir,—"Men and Matters" (January 22) makes our "fiendish examinations" seem more exciting than they really are. The people we subject to trial by closed circuit TV are our selectors—as part of their training as interviewers. But we never train the video cameras on candidates, however photogenic they may be.

C. E. H. Tuck,
Civil Service Department,
Civil Service Selection Board.
Standard House,
28, Northumberland Avenue,
WC2.

Today's Events

GENERAL

UK: Mr. David Howell, Energy Secretary, speaks at Leeds Chamber of Commerce dinner, Queen's Hotel, Leeds, during tour of Yorkshire.

Mr. Norman Fowler, Transport Minister, visits Metropolitan Cammell, Birmingham.

National Joint Consultative Committee for Building annual meeting, London.

Mr. Nigel Lawson, Treasury Financial Secretary, tours East Anglia.

Mr. Mark Carlisle, Education Secretary, speaks at Knutsford Conservative Association Women's Conference, Bowden, Cheshire.

Mr. Norman Lamont, Energy Parliamentary Under-Secretary, speaks at Weybridge Conservatives' annual dinner.

National Union of Agricultural and Allied Workers executive consider water workers' pay offer.

Sir Peter Gadesden, Lord Mayor of London, lunches at Childs Bank, Fleet Street.

Lord Thorneycroft, Conservative Party chairman, attends meetings in Oxford.

Overseas: President Valery Giscard d'Estaing of France starts official visit to India (until January 29).

Election of President in Iran.

PARLIAMENTARY BUSINESS

House of Commons: Private members' motions.

OFFICIAL STATISTICS

Bricks and cement production figures for December. Sales and orders in the engineering industries for October.

COMPANY MEETINGS

Chemring, Alchem Works, Fratton, Portsmouth, 12. Frederick Cooper, The Goldhorn Hotel, Penn Road, Wolverhampton, 12. John Williams of Cardiff, The Royal Hotel, St. Mary Street, Cardiff, 12.

COMPANY RESULTS

Final dividend: Glanfield Lawrence. Interim dividends: John Brown. Hallite Holdings.

LUNCHTIME MUSIC, London

Organ recital by Professor Gordon Phillips, All Hallow's-by-the-Tower, Byward Street, EC3, 12.15 and 1.15 pm.

Organ recital, St. Paul's Cathedral, 12.30 pm.

Piano recital by Julia Cload, St. Martin's-within-Ludgate, EC4, 1.15 pm.

Rank up 7.6% to £131m and raises payment

DESPITE THE effects of the national transport and engineering strikes, Rank Organisation increased pre-tax profits by 7.6 per cent from a restated £121.93m to a record £131.19m in the year ended October 31, 1979, on turnover of £537.83m against £485.1m.

First-half profits had risen from £57.36m to £64.41m and Mr. Harry Smith, the chairman, said then that with improvement expected to continue, the full year result should show an increase over 1977-78.

He now says that benefits from the continued drive to increase profitability levels throughout the group will enable it to maintain the strongly rising trend in profits.

This is also expected to lead to a marked improvement in the percentage of profits earned to net operating assets employed.

The group's Australian subsidiary incurred a loss of some £0.6m in 1978-79, compared with £0.8m profits previously. Turnover was up from £55.1m to £70.8m but rationalisation costs and the impact of external strikes caused a temporary setback. However, a return to a significant level of profits is forecast for the current year.

Group trading profits advanced from £39.16m to £43.78m, with Butlins, Rank Hotels, and some industrial and consumer products companies and leisure activities producing higher figures.

Share of profits of Rank Xerox companies rose by £4m to £101.8m, with no significant benefits accruing from exchange rate movements during 1979, compared with the gain of £6m previously.

Tax for the year took £53.73m (£52.86m) and stated earnings per 25p share were up marginally from 38.2p to 38.4p. The total dividend is raised from 8.86883p to 10.8p net, with a final of 6p.

Rank Hotels earned record profits, some 25 per cent higher than the previous year, while Butlin's increased profits by 20 per cent, with record holiday bookings of 1.6m.

Leisure Caravan Parks contributed post-acquisition trading profits of £4m and in the leisure services activities, entertainment, banqueting, bingo, catering and advertising films achieved an overall profit increase of 24 per cent.

Among the industrial and consumer products division, profits of Rank Film Laboratories jumped 39 per cent and Audio Visual by nearly 20 per cent.

Rank Cintel sold a record number of broadcast telecine systems, including a large number exported, and Rank Electronic Tubes beat stiff U.S. competition to win a significant order in the American military aircraft equipment market.

Property companies' profits were up 10 per cent, while losses on the manufacture and sales of radio and television were further reduced from nearly £1m in 1978 to less than £0.3m.

Comparative figures have been restated to give effect to new accounting standards for depreciation (SSAP 12) and deferred tax (SSAP 15). These changes reduced the 1977-78 trading profits and pre-tax profits by £1.1m.

Additional depreciation charge resulting from compliance with SSAP 12 was around £1m. The accounting change for deferred tax reduced tax charge by £9.85m (£7.68m).

The proceeds of the £62.4m rights issue last March were applied mainly in repaying loans arising from the purchase of Leisure Caravan Parks, and in repaying a number of major foreign currency borrowings. The balance enabled the group to offset higher interest charges on other borrowings.

The issue benefited Rank in that without it the net interest charge would have been increased by about £5m, while together with an issue of redeemable preference shares in Canada, it enabled another substantial decrease to be achieved in the group's gearing ratio — down from 63 per cent to 36 per cent.

The chairman reports that the group is therefore in a strong financial position to withstand any general economic difficulties in 1980. In addition, it has been able to retain £51.3m profits for future development.

Taxable profits of the wholly-owned Rank subsidiary, Rank Precision Industries (Holdings), improved from £57.19m to £59.44m for the 1978-79 year on turnover marginally higher at £43.1m (£42.84m).

With trading surplus down by £1.43m to £3.22m, the pre-tax result was boosted by an increase in interest receivable from £2.59m to £4.28m and associates' contributions of £50.94m (£49.95m).

Tax takes £26.23m (£26.84m) and after minorities and extraordinary debits, attributable profits rose from £29.27m to £30.34m. Comparisons are restated to reflect the change in accounting policy for deferred tax. Dividends again absorb £13.82m.

Investment income of A. Kershaw and Sons, which is controlled by Rank, advanced from £6.21m to £6.81m for the year to end-October, 1979. Tax takes £684,624 (£380,134) and net profits were ahead from £5.83m to £6.13m.

Stated earnings per 5p share rose from 66.79p to 70.25p, while a final dividend hoisted from 15.069p to 77.4p net makes a total for the year of 87p against 23.069p, costing £7.56m (£2.02m). A three-for-one scrip issue is also proposed.

See Lex

Davy halved to £4.5m holds interim dividend

PRE-TAX PROFITS of Davy Corporation, the international engineering and contracting group, were almost halved in the six months to September 30, 1979, at £4.56m compared with £8.52m.

Sir John Buckley, chairman, says it is clear even at this stage that full-year profits will be significantly below the £26.13m achieved last time.

The net interim dividend is held at 2p—last year's total was 6.7p.

In the half year, the manufacturing companies suffered from the UK engineers' strike and continuing general adverse trading conditions, the chairman says. The engineering and construction companies' overall profit margins have not recovered last year's level.

Several of the contracts being carried out by the U.S. Olsen operation failed to achieve the results expected and provisions for losses have had to be made, he adds. Management of the operation has been changed.

However, the U.S. Davy McKee company has continued to build up its order book.

The opportunities in the group's markets remain good, the chairman says.

Turnover for the half year improved from £216.31m to £362.46m. After tax of £1.52m (£2.9m), net profit came through lower at £2.74m, against £5.62m.

See Lex

HIGHLIGHTS

After a brief comment on the gyrating gilt-edged market yesterday Lex passes on to a discussion of the Rank Organisation results where market expectation for non-Xerox activities have been exceeded, though Rank-Xerox is fairly much in line with outside projections. Elsewhere on the company scene Davy Corporation suffered a sharp setback after difficulties in its U.S. operation. At Inchcape, loss elimination, cocoa trading activities plus recovery in South East Asia have pushed the company along towards its forecast recovery. On the inside pages Muirhead shows profits badly down and a deep dividend cut and the future looks poor for the current year. Fitch Lovell's profits are well up and comments are also made on the figures from Macarthys Pharmaceuticals, Cowan de Groot, and Ferguson Industrial.

W. G. Allen down in first half

DISAPPOINTING results, as a direct consequence of last year's engineering disputes, are reported by the directors of W. G. Allen and Sons (Tipton), engineer, for the six months ended September 30, 1979.

Turnover and pre-tax profits were both down, from £3.99m to £3.85m and from £379,000 to £212,000, respectively for the period.

Despatches of goods in the December quarter, however, were substantially above average, they state. This led to a marked improvement in trading profit which has recovered some of the ground lost.

The directors believe that results for the full year should compare with 1978-79 — profits were £660,590 on a £7.88m turnover — provided the steel and other industrial disputes outside group control are not unduly disruptive.

After first-half tax of £110,000 against £145,000, attributable earnings came out at £102,000 (£134,000), of which the interim dividend, unchanged at 0.8p net per 25p share will absorb £29,759—last year's final payment was 21.6p.

Inchcape rises £8m mid-year

REFLECTING greatly improved results from a number of areas, particularly South East Asia and the Far East, taxable profits of Inchcape, international merchant, expanded by more than £8m from £23m to £31.16m for the half year ended September 30, 1979. And the directors say the improvement has continued into the second half.

Profits for the 1978-79 year fell from £62.3m to £41.05m after charging £17.9m (£6.4m) in respect of trading losses and provisions made by the Dutch commodity trading subsidiaries—a peak of £78.4m was achieved in 1976-77.

The directors state that had the items in overseas currencies been translated into sterling at the rates of exchange ruling for the previous year—at December 31, 1978—profits would have been some £3.3m higher in the first six months.

The net interim dividend, 7.15p per £1 share compared with 6.5p, will absorb £5.79m, and directors forecast a total of not less than 18.15p (16.5p) for the year.

	Half year 1979	Half year 1978	Year 1978-79
Profit before tax	31,156	23,003	41,052
Tax	7,706	8,908	23,150
Net profit	22,450	14,095	17,902
Minority interests	1,557	677	1,551
Pref. div.	34	24	69

See Lex

Edinburgh American up slightly

A MARGINAL rise in net revenue from £298,000 to £306,000 is reported by Edinburgh American Assets Trust for 1979. Gross income improved by £52,000 to £1.47m.

The net result was struck after interest and expenses higher at £951,000 (£874,000) and tax of £217,000 (£249,000).

Earnings per 25p share are shown little changed at 0.79p (adjusted 0.77p) and the dividend for the year is effectively increased from 0.6p to 0.7p net.

The U.S.$8.4m back-to-back loan has been refinanced with straight borrowings.

Net asset value per share, assuming full conversion of loan stock, edged ahead from 73.2p to 73.5p at the year-end.

The underlying portfolio of investments, largely invested in smaller companies with emphasis in North America, performed well and growth of capital expressed in local currencies was over 30 per cent. However, results had to absorb the abolition of the investment currency premium and effects of the strong pound.

Watson and Philip looks to England

PRE-TAX profits of Watson and Philip, Scottish-based food distributor, fell from £852,000 to £780,000 in the year to October 26, 1979, but with tax being cut from £459,000 to £171,000, net profit was considerably higher at £609,000 against £393,000.

At the halfway stage, pre-tax profits were £400,000 and the board said a swift return to easier trading conditions was unlikely.

Commenting on the full year's figures, Mr. D. C. Greig, the chairman, says recent acquisitions will benefit the group's operations in Scotland. Progress made in England has encouraged the board to look for further sources of expansion there, he adds.

With the economic outlook for 1980 universally expected to be one of recession, Mr. Greig says it would be unwise to speak optimistically about the immediate future.

Turnover was slightly higher at £64.36m against £64.23m.

The final dividend is being increased from 1.8619p to 2p making a total of 3p (2.71398p). Earnings per 10p share are given as 7.3p (5p).

Whatlings reduces deficit but final dividend cut to 1p

HINDERED BY a depressed trading climate, Whatlings, civil engineer and building contractor, returned to profitability in the second six months ended September 30, 1979 but finished the year with a pre-tax loss of £257,042, compared with a profit of £362,106 previously. Turnover rose slightly from £19.29m to £19.95m.

When announcing a first-half deficit of £280,000 (£110,000 profit) the directors forecast that the full year result would show a recovery from the position then reported—in the event, profits of some £23,000 were achieved in the second period.

But in view of the present uncertain trading conditions, the final dividend is being cut from 1.967p to 1p net, making a total of 1.9p (2.867p) per 25p share. Stated loss was 3.06p (4.31p earnings) per share.

Mr. J. Robertson, the chairman, says the construction industry remains depressed and indications are that the Government intends to cut capital expenditure still further. With private developments in the building sector also likely to be affected by high interest rates, he says it is a difficult time for the industry and the company cannot expect to be immune.

However, he expresses hope that these problems will be overcome. The company has on hand sufficient work to maintain turnover this year and a reasonable proportion is in the private sector, which is thought less vulnerable at present.

During the year, the overseas company, which had traded satisfactorily in the Middle East for a few years, found difficulty in obtaining contracts at profitable margins and, with the increasing political risk in the area, it was decided to withdraw from operations. As a result, an exceptional terminal cost of £116,946 was incurred.

In the UK, with keen market conditions, the group had a number of difficult contracts, which are now largely complete, but it suffered from the effects of a severe winter and a wet summer.

In addition, the group has financed considerable sums owing to it, costing £148,382 in overdraft interest.

Considering these adverse factors, Mr Robertson says the company has performed reasonably well.

The chairman says the 1978-79 balance sheet will show an increase in cash outstanding in respect of work in progress, which arises as a result of agreement having still to be reached on final valuation of a few large contracts now mainly completed. Also included in work in progress is the cost of the profitable investment in private housing for which no payment is received until houses are sold.

● comment

There are no surprises in the loss announcement from Whatlings and the share price—at 20p, down 1p—is still languishing near the bottom of its recent cycle. Now that the company has withdrawn from the Middle East and the home market has staged a partial recovery, the big question is whether this can be improved upon this year. Although there is sufficient work to maintain turnover, margins are still very tight. This applies especially to the building companies which are having to live with the slump in public authority housing. In addition, the build-up of work-in-progress has increased net borrowings to nearly £1m (more than 40 per cent of shareholders' funds), so interest charges will bite hard. Overall, the short-term outlook is gloomy. The historic yield is over 14 per cent.

Macarthys Pharmaceuticals sees just over £3m for full year

PRE-TAX PROFITS of Macarthys Pharmaceuticals fell from £1.85m to £1.61m for the half year ended October 31, 1979 and the directors anticipate that second-half profits will be slightly lower than those of the first.

Profits for the whole of the previous year were a record £3.78m.

External sales, though ahead by 27 per cent from £55.61m to £70.7m, were less than that budgeted because of depressed trading in the second half of the period. This affected the pharmaceutical wholesale and retail divisions mainly, the directors state.

Sales, however, have moved much closer to budgets, over the past two months.

Profit margins were down from 3.3 to 2.3 per cent.

On capital increased by last August's one-for-four rights issue, earnings are shown as 6.6p per 20p share, compared with 8p, and the interim dividend is 2p (1.5p) net—last year's final was 5p.

At the time of the rights issue the directors forecast a 1979-80 dividend of not less than the previous year's total, on the increased capital.

Loss of production during extensive rebuilding resulted in the deficit for the period of the pharmaceutical manufacturing company, the directors state; a modest profit is expected for the full year.

	Six months 1979 £000	Six months 1978 £000
External sales	70,702	55,611
Pharm. mfg.	1,550	1,416
Pharm. distrib.	56,084	43,678
Surgical distrib.	6,411	5,179
Retailing	8,073	6,832
Veterinary	5,576	3,929
Less: internal sales	6,992	5,423
Pre-tax profit	1,607	1,848
Pharm. mfg. loss	65	*67
Pharm. distrib.	1,277	1,473
Surgical	366	210
Retailing	320	355
Veterinary	275	226
Less: unrealsd. profits†	30	28
Management	247	215
Staff bonus	209	240
Tax	837	964
Net profit	770	884
Preference dividend	14	14
Available	756	870

* Profit † On internal sales

Margins in both pharmaceutical wholesaling and retailing companies continue to be under pressure but the additional 5p per prescription from January 1 will increase the income of Savory and Moore by about £150,000 in a full year.

The surgical and veterinary divisions performed well and produced useful increases in both sales and profits, they add.

● comment

Pharmaceuticals is now a business for companies with strong nerves and long-term outlooks. With the collapse of retail price maintenance, even the pips have been squeezed with margins down to 2.3 per cent at Macarthys Pharmaceuticals. Part of the story is told by today's Unichem figures: the independent pharmacists' supplier has boosted sales 36.8 per cent. Macarthys' own pharmaceutical distribution sales are up 28 per cent, bringing its market share to around 16 per cent. But with the constant drive for higher sales volume, more than margins will have to give somewhere in the industry. Macarthys is determined to stay in the game, and its £3m rights issue last year has given it badly-needed cash to finance pharmaceutical production, and acquisition of more shops — it has bought five of the Westons' chain. The money should also lighten this year's interest burden by some £250,000. The price-war is reflected in Macarthys expectation of lower second half-profits, even though pharmaceutical production should have recovered from its setback. A full-year profit of £3m promises a prospective fully-taxed p/e of 12 at 107p, down 5p. Which looks on the generous side, but the compensation is the forecast 8.8 per cent yield.

SPAIN

Jan. 24	Price %	+ or −
Banco Bilbao	209	
Banco Central	226	
Banco Exterior	211	
Banco Hispano	210	
Banco Ind. Cat.	135	
Banco Madrid	175	
Banco Santander	246	
Banco Urquijo	162	−3
Banco Vizcaya	215	
Banco Zaragoza	251	−4
Dragados	102	−1
Espanola Zinc	59	
Fecsa	58	
Gal. Preciados	35	
Hidrola	63	
Iberduero	61.5	+1.0
Petroleos	116	
Petroliber	73	
Sogefisa	115	
Telefonica	56.5	+0.2
Union Elect.	63.2	−0.7

Y. J. Lovell profit increases 36% to hit record £2.62m

GOOD RESULTS in residential and commercial development and plant hire, coupled with improved performance in construction, enabled Y. J. Lovell (Holdings) to turn in record profits for the year to September 30, 1979, despite associate losses in Nigeria.

The taxable surplus rose by 36 per cent to £2.62m, on turnover £42.33m higher at £103m. And the directors say the group is well set for further growth in 1980.

Pre-tax profits of construction and related activities increased from £1.93m to £2.49m in the year. The directors add that the recently acquired Farrow companies contributed significantly to the construction side.

Timber division profits were unchanged at £350,000, losses in the timber component manufacturing company being offset by improvements elsewhere.

The share of associates' losses amounting to £224,000 (£355,000) was attributable to Nigerian operations. The directors explain that the extraordinary debit of £330,000 provides for a reduction in the company's commitments in that country.

The net total dividend is raised by 32 per cent to 5.75p (4.35p), with a final of 4.25p. After a sharply reduced tax charge of £50,000 (£205,000), stated earnings per 25p share are up from 24.9p to 37.1p.

WILKINSON MATCH REORGANISATION

Wilkinson Sword and Bryant and May are to be brought under the control of a single operating board in a move which Wilkinson Match chief executive Mr. Christopher Lewinton says will significantly strengthen UK consumer product operations, reduce costs and provide a good base for the future.

Announcing the reorganisation, Mr. John Bloxcidge, Wilkinson Match UK and International managing director, said the aim was increased sales effectiveness backed by stricter cost controls and improved operating efficiency.

Sotheby rises another 10p

The share price of Sotheby Parke Bernet rose 10p to 485p yesterday, bringing its increase so far this week to 75p. The movement follows an optimistic statement by the chairman, published on Monday, but there have also been reports of heavy buying from the U.S.

Mr. Peter Spira, Sotheby's finance director, said yesterday he believed that Americans had been buying, but could not comment on whether the purchases emanated from a single source.

American Express, which has been rumoured as a possible bidder, categorically denied that it was preparing an offer for the group.

Trafalgar in good heart and full of confidence

THERE was "no reason why the current year's profit increase should not be a useful one," Mr. Nigel Broackes, chairman of the Trafalgar House Group told shareholders at the annual meeting yesterday. However, it was not his practice to give a forecast at this time of the year.

Mr. Broackes warned shareholders that if the steel strike went on for another two or three months "it would cost us a lot," but meanwhile the company had not so far been seriously affected. In fact "in a pretty unpleasant economic climate we are doing better than we expected."

The first three months in the newspaper and magazine division had produced "extremely good results," Mr. Broackes said, and immediate prospects were also good.

In answer to a question from a shareholder he said some progress had been made dealing with the restrictive practices in the newspaper industry, but it was a complicated process.

Meanwhile, Mr. Victor Matthews, as chairman of Express Newspapers had achieved freedom from industrial disputes.

Property profits were likely to be higher this year, Mr. Broackes confirmed, as a result of the increase in the development programme. Profits from the division could be comfortably into "eight figures."

Overall, the company was "confident and in good heart."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
W. G. Allen int.	0.8	Mar. 28	0.8	—	2.96
Bullough	6.55	Mar. 20	4.68	10.75	7.68
Burt Boulton int.	3.5	Apr. 2	3.5	—	7
Cowan de Groot int.	1	Apr. 2	0.73*	—	2.73*
Davy Corp. int.	2	Apr. 8	2	—	6.7
Derby Trust	10.63	Feb. 28	7.7	17.82	14.79
Edinburgh American	0.7	—	0.6*	0.7	0.6*
Fitch Lovell int.	1.49	Mar. 31	1.3	—	4.66
Inchcape int.	7.15	Apr. 2	6.5	‡	16.5
A. Kershaw	77.4	Apr. 14	15.07	87	23.07
Y. J. Lovell	4.25	—	2.86	5.75	4.35
Macarthys Pharms. int.	2†	Apr. 8	1.5	—	6.5
Muirhead	1.8	Mar. 13	3.08	4	5.08
Olympia (Redacre)	1.69	Apr. 22	1.69	1.69	1.69
Pengkalen 3rd int.	2	Apr. 3	2	6	4.5
Rank Organisation	6	Apr. 14	4.89	10.8	8.89
E. Smallshaw	1.25	—	1.25*	1.75	1.25*
Stroud Riley int.	0.5	Feb. 28	0.5	—	1.5
Tanjong Tin 2nd int.	2.5	Mar. 24	2.5	—	7.5
Warner Est. Hldgs.	3.4	Mar. 13	1.57	5	2.97
Watson and Philip	2	—	1.86	3	2.71
Whatlings	1	Apr. 9	1.97	1.9	2.87

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total of not less than 18.15p forecast.

MINING NEWS

Mt. Lyell makes good progress

BY KENNETH MARSTON, MINING EDITOR

WHILE the **Consolidated Gold Fields** group continues to enjoy a high income from its South African gold interests, its base metal mines in Tasmania are making an increased contribution to the London group's fortunes.

It is particularly encouraging to note that the previously struggling **Mount Lyell** copper operation is coming right. It has repaid the "first aid" subsidy received from the Commonwealth Government and has made a net profit for the half-year to January 9 of A$2.53m (£1.23m) compared with a loss of A$2.94m a year ago.

Production in the latest period was lower because of strikes in the first three months. But two shipments of concentrates were made to Japan compared with only one shipment in the same period of the previous year.

Mount Lyell also benefited from higher prices for its copper and the by-product precious metals; gold output in the latest period amounted to 210,173 grammes (6,757 troy ounces) and silver 1.16m grammes (37,375 ozs).

Now that Mount Lyell has recovered from its past "touch and go" situation and seems set for higher earnings in the current half year, shareholders will be hoping for a resumption of dividends. This may not be long delayed in view of the company's statement that it has decided not to declare a dividend "until the results for the full financial year (to June 30) are known."

The group's greatly successful tin mine in Tasmania, Renison, has also suffered from industrial unrest in the first quarter of its current financial year to next June. As far as earnings are concerned, there have been no special factors and production has fallen.

However, the higher tin prices received have still left the mine better off on balance with a net profit for the half-year to December 25 of A$12.48m against A$10.76m in the same period of 1978. The interim dividend is thus raised to 60 cents (29p) from 47.5 cents last time when a final of 72.5 cents followed.

Renison says that it has been encouraged by studies into the feasibility of installing a tin fuming plant and trials are scheduled for a 100-tonne sample of low grade concentrate. Such a plant, if successful, would produce concentrates with a higher metal content which would mean savings in shipping and smelting charges.

Norcen rejects Labrador offer

THE MANAGEMENT of Norcen Energy Resources the major Canadian oil and gas producer and gas distributor, yesterday said an offer of C$40 a share by **Labrador Mining and Exploration** for 7.2m Norcen shares is far too low, reports **Robert Gibbens from Montreal.**

Labrador Mining is part of the Hollinger-Argus group, owned by the Conrad Black interests of Toronto, which also control **Massey-Ferguson** and several other major companies.

The Norcen management said Labrador's offer is "less than the present asset value of Norcen comon shares" and does not take into account future prospects, profit, cash flow and asset growth. Members of the Norcen board would not sell their stock under the Labrador offer.

Labrador already owns almost 10 per cent of Norcen and its offer would bring its interest to 40 per cent and effective control if it succeeds. In the past week Norcen shares have risen from C$34 to more than C$38.

Labrador said it thinks the offer is fair and represents a 30 per cent premium over the price of Norcen stock in the market before Christmas when Labrador began buying to build up its initial stake of 10 per cent. "We think Norcen's management is good and we have no quarrel with them."

Analysts believe that Norcen will continue its opposition to the Labrador bid and a counter-bid from other sources is thought possible.

Freeport: gold growth likely

FREEPORT MINERALS and **FMC Corporation** are undertaking engineering and economic studies with a view possibly to spending $115m (£50.46m) on expanding their gold mine in Elko, Nevada. Expansion would raise daily milling capacity by 38 per cent to 2,750 tons.

If the studies are favourable, construction could start in the middle of the year and the new capacity could be on stream in late April, 1981.

The move is part of the gathering trend among North American companies to exploit the strength of the bullion price—despite recent fluctuations.

In Arizona, a feasibility study on property owned by the natural resources division of **Gulf and Western Industries** should be completed by April and could lead to the establishment of a new opencast mine with estimated ore reserves of 6m tons, grading 4.5 ounces of silver a ton.

The possibility of developing silver prospects in Mexico has been opened up by **Asamera Oil** of Calgary, which has taken a 50 per cent share in two properties. One, in Sinloa, has an indicated 800,000 tons of ore grading five ounces a ton, and the other, in Nayarit, has an indicated 578,000 tons of ore grading 11 ounces a ton.

Other Canadian companies are examining the merits of restoring old mines to production. **Camflo Mines** is spending C$5.5m (£2.08m) over two years on the property of Wilanour Resources, once Cochenour-Willans Gold Mines, and at an adjacent property held by **Wilmar Mines.** The old mines are in the Red Lake district of Ontario.

Pamour Porcupine Mines, the **Noranda** unit, has meanwhile gained control of **Canadian Arrow Mines** which has a partially developed mine near Timmins in the north east of Ontario. A decision about future development is expected in the near future.

Messina is confident

A FORECAST of "improved trading results" for the current year to next September of the **Messina (Transvaal)** South African and Rhodesian copper mining and industrial group is made by the chairman, Commander H.F.P. Grenfell. Messina returned to the dividend list in 1978-79 after having suffered losses on its non-mining activities in the previous year.

The chairman reckons that copper prices in the current year will be at least as good, if not better than, those in the year to last September and he points to the possibility of investment buying of the metal mopping up any surplus of production over consumption.

After its past unhappy experiences with industrial interests, Messina anticipates a "major improvement in profitability" in this sphere during the current year. Commander Grenfell also points out that as a result of the boom in gold South Africa's "liquidity is high, interest rates are low, fiscal policy is stimulatory and the immediate prospects for growth are good."

Greenvale shows A$5.7m profit

The Greenvale nickel mine in Queensland finally gave its two shareholders, Australia's **Metals Exploration** and **Freeport Minerals** of the U.S. some cheer in the second half of 1979 when it returned a profit of A$5.73m (£2.78m) against a loss of A$14m in the same period of 1978.

The company said that increased prices for nickel and cobalt were responsible for the improvement, but warned that higher oil fuel costs would adversely affect earnings in the current six months. The directors are trying to arrange finance to convert the plant to some alternative fuel source although the company's loss-making performance over the last few years makes this difficult.

At the small Nepean nickel mine of Metals Exploration in Western Australia, earnings have jumped to A$1.29m from only A$122,000 following a 240 per cent increase in sales. Metals Exploration, however, has still to reach the dividend-paying stage. The shares rose 3p to 66p yesterday.

LOWER PROFITS AT HAMERSLEY

Net earnings at **Hamersley Holdings,** the Western Australia iron ore producer in the **Rio Tinto-Zinc** group, slipped to A$30.86m (£15.06m) last year from A$34.81m in 1978 as the effects of a major strike lasting 10 weeks bit into the financial results.

The group yesterday declared a final dividend of 5 cents (2.44p), making the total 1979 distribution 8 cents compared with 9 cents for 1978.

Although total production for last year was 3.349m tonnes higher than in 1978 at 32.79m tonnes, the amount of ore shipped declined by 1.15m tonnes to 30.09m.

Hamersley shares in London yesterday were 6p higher at 200p.

ELSON & ROBBINS RIGHTS RESULT

Elson and Robbins has received subscriptions for 3,154,498 ordinary shares in respect of the recent rights issue, representing 95.59 per cent of the issue.

The balance of 145,502 new ordinary shares has been placed at a net price of around 86.5p per share for the benefit of holders who did not subscribe to their entitlements.

FIH £1m. higher at nine months

THIRD-QUARTER taxable profits of **Ferguson Industrial Holdings** jumped 50 per cent from £679,000 to £1.02m, lifting the surplus for the nine months to November 30, 1979 from £1.63m to £2.7m. Last year there were total profits of £2.24m.

The final outcome for the year should be up to expectations, says the chairman, Mr. D. S. Vernon. Trading in the final quarter is satisfactory bearing in mind that traditional holiday closures in December mean little addition to profitability in that month.

An interim dividend of 2.2p was announced in November, and the directors then expected the full year's payment to total 5.2p, compared to an equivalent 4.4p.

Record third quarter sales of £22.33m (£16.72m) left the total for nine months at £60.6m against £43.23m. This compares with sales for the whole of last year of £56.52m.

An extraordinary credit of £89,000 (£159,000) represents the profit, after tax, on the sale of shares in Breedon and Cloud Hill Lime Works. This investment had been intended as long term, remarks Mr. Vernon, but when the share price rose substantially it was thought right to take the profit and use the sale proceeds of £535,000 to reduce borrowings. Subsequent increases in interest rates and the decline in the stock market have vindicated this decision, he adds.

● comment

Third quarter trading profits are up by around two-thirds at Ferguson which is no mean achievement, considering that the period spanned the engineering dispute. More than doubled interest charges and profit sharing payments bring the pre-tax increase down to around 50 per cent and there is almost £300,000 in first time contributions to be considered but the shares, up 6p at 80p yesterday, still seem humbly rated. Profits of £3.4m would place them on a fully-taxed p/e of 4.4, which is well below that of many other builders' merchants. The prospective yield is at least 9.3 per cent. Third quarter trading conditions for building suppliers were exceptionally good and the weather is encouraging at present and it seems clear that market share is being picked up. The major weakness is giftware, which is suffering from the strength of sterling, but this is more than offset by the dramatic improvement of the printing divisions. Ferguson would doubtless like to issue more paper in order to reduce gearing (debt is around 60 per cent of shareholders' funds) and finance its longstanding acquisition strategy, but with its shares at the present level it will probably wait.

Bass beer sales rise significantly

FURTHER PROGRESS has been achieved by **Bass,** the brewery group, in the first quarter of the current year. Mr. Derek Palmar, the chairman, told the annual meeting that beer volumes had advanced well and were significantly ahead of the same period of the previous year.

Sales of wines and spirits, soft drinks and the revenue from hotels had not been as good as expected, particularly in December. However, the chairman confirmed his forecast of further progress for the group as a whole, despite the difficult economic conditions.

The group proposes to introduce a share ownership scheme for employees.

Felixstowe Dock offer oversubscribed

The offer for sale by tender of £6.5m preference stock by **The Felixstowe Dock and Railway Company** was over subscribed by a small margin when the application list closed yesterday.

The offer attracted applications totalling £6.83m at an average price of £98.43 per cent. The minimum tender price was £98 per cent.

Applications for under £1,000 of stock at that level will be allotted in full while those applying for more than £1,000 will receive 58 per cent of their application.

The proceeds will be used to meet part of the cost of the proposed £27m expansion for the the port. The company is a subsidiary of European Ferries.

Tilbury Contracting to buy compressor companies

Tilbury Contracting Group, the civil engineering building and public works contractor, is paying £660,000 for three private companies principally involved in the sale and hire of CompAir compressors in the Greater London area.

The purchase is being made through Tilbury Plant, the subsidiary engaged in the business of contractors plant hire, covering south and south-west England and agency sales mainly in Essex, Kent, Surrey, Sussex and Hampshire.

The company said this purchase will greatly increase the potential of agency sales in the GLC area and will provide a firm base for future expansion of this group division in the south-east.

The purchase price for the companies—Compressor Hirers, Compressor Hirers (Sales) and Compressor Hirers (Trading) — will be paid in the form of £320,000 cash and the issue of two series of interest-free unsecured loan notes for £170,000 each. The notes are redeemable at par, one on June 24 next and the other a year later.

Combined net assets of the three companies at September 30, 1979, was £374,662 and the pre-tax profit for the year ended on that date amounted to £102,921.

Sales fell slightly in the six months, from £3.76m to £3.7m. After tax of £45,000 (£102,000) and extraordinary items, the attributable profit is down from £109,000 to £41,000.

The interim dividend is maintained at 0.5p—last year's final was 1p.

Derby Trust ahead and pays more

Profits before tax of **Derby Trust** rose from £705,195 to £801,864 in the year to December 31, 1979, and the directors are increasing the dividend from 14.789p to 17.819p with a final of 10.627p.

Tax for the year takes £275,710 against £268,504. The net asset value of the 50p capital shares has risen from 382½p to 391p.

A slight fall in midway pre-tax profits, from £350,624 to £340,740, was mainly the result of a switch from unfranked income to franked income, said the directors, but this was more than compensated for by a reduced first-half tax charge.

Stroud Riley Drummond falls in first half

A sharp decline in taxable profits, from £222,000 to £115,000, is reported by **Stroud Riley Drummond,** manufacturer of worsted suitings and knitted fabrics, for the half year to September 30, 1979.

In the last full year, profits slipped from £441,000 to £402,000, and the directors, in their annual report, pointed out that a strong pound favoured imports and made exports more difficult. However, they were confident then that the group would obtain its share of the market.

BANK RETURN

	Wednesday Jan. 23, 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	24,512,701	— 1,254,145
Special Deposits	27,935,000	—
Bankers Deposits	545,747,537	— 75,613,982
Reserves & other Accounts	657,136,392	— 29,291,364
	1,270,684,630	— 106,159,491
ASSETS		
Government Securities	533,097,324	— 187,540,000
Advances & Other Accounts	482,449,646	+ 41,444,056
Premises Equipment & Other Secs.	229,655,577	+ 30,837,821
Notes	25,256,359	+ 9,088,470
Coin	225,724	+ 10,362
	1,270,684,630	— 106,159,491
ISSUE DEPARTMENT		
	£	£
Liabilities		
Notes issued	9,625,000,000	— 25,000,000
In Circulation	9,599,743,641	— 34,088,570
In Banking Department	25,256,359	+ 9,088,470
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,369,105,893	— 635,336,917
Other Securities	2,244,879,007	+ 610,336,917
	9,625,000,000	— 25,000,000

Second half loss depresses Muirhead by over £1.2m

A PRE-TAX loss of £20,000, compared with £1.29m profit, in the second half, left **Muirhead,** communications equipment group, showing profit for the year to September 30, 1979, more than halved from £2.14m to £911,000. In addition the net total dividend is cut 21 per cent. to 4p.

Midway the surplus was ahead to £931,000 (£852,000) and the order book was at a record level. However, a number of major data communication systems orders had been delayed and this position, aggravated by the strength of sterling, continued in the second six months, the directors say.

At the trading level profit for the year in the UK fell to £1.46m (£2.17m) while overseas it slumped from £243,000 to £82,000. Overall sales were up £1.35m at £22.52m.

A tax credit of £616,000, against a £431,000 charge, left stated earnings per 25p share for the year at 19.7p (22.2p). In view of the profit setback and current working capital requirements the net total dividend is reduced to 4p (5.0757p) by a 1.8p final.

The drop in order intake led to a high stock level and, therefore, bank borrowings. This coupled with high interest rates, pushed interest costs up to £578,000 (£204,000) as interest earned dropped to £3,000 (£22,000). In addition debenture interest absorbed £59,000 (£67,000).

Including an extraordinary gain this time of £156,000, and after minorities, available profit emerged little changed at £1.66m (£1.7m) of which £1.32m (£1.28m) was retained.

● comment

Down 15p to 215p yesterday, Muirhead is still only yielding 2 per cent after its steep dividend cut. To stay at anything like this level, the shares have to rely heavily on speculation about the intentions of Tyco Laboratories which has quickly built up a 14.7 per cent stake in its equity. There are some external reasons for the 57 per cent annual pre-tax shortfall—the engineers strike and events in Iran—but the seeds of the year's disappointment look to have been more deeply rooted. Orders for facsimile production have been wanting and the attendant increase in stocks has played an obvious role in the higher cost of working capital finance. The strength of sterling has ben a major factor in a poor ordering position and there is no reason to believe that this obstacle has diminished since the turn of the financial year, and more than inflationary pressures, which have had such a severe effect on rotating component sales, have subsided. The current eyar has clearly started badly after the fire at the plant in Modeira and the traditionally high stock position suggests that interest charges will again be a problem. But the group's well established defence markets, in ship stabiliser systems and altimeter encoders for example, have mostly been forgotten in the facsimile downturn. Perhaps Tyco has remembered.

Six-month jump for Greycoat Estates but slowdown forecast

A NEAR 600 per cent increase in net profits is reported by **Greycoat Estates (formerly Chaddesley Investments)** for the six months to September 30, 1979.

With pre-tax profits climbing from £200,039 to £373,465 on turnover up from £516,561 to £592,171, tax charged was slightly lower at £151,320 against £164,756 which saw the net profit leaping from £32,583 to £222,145.

The chairman, Lord Chelmer, points out, however, that these figures include substantially all of the anticipated income for the present financial year and group profits, both before and after tax for the full year, are likely to be somewhat lower than those for the half-year.

They will, nevertheless, show a considerable improvement over the previous full year's results when profits after tax and pre-acquisition profits for the year to March 31, 1979 were £79,327.

Lord Chelmer states that all projects in the development programme are proceeding satisfactorily.

Cavenham loan stock

Cavenham has sent holders of the 9¾ per cent unsecured loan stock 1992-1997 and 10 per cent unsecured loan stock 1991-1996 a proposal to amend the trust deeds constituting the stocks by varying the existing restrictions contained in the trust deeds relating to the change of nature of the business of Cavenham.

This will bring the restrictions in the trust deeds into line with those contained in Cavenham's Eurobond borrowing.

In consideration for agreeing to the amendment, the stocks will be guaranteed by Cavenham's ultimate parent company, Generale Occidentale, and the interest rate on the stocks increased by half a per cent.

A meeting of loan stock holders has been called for February 18.

Bullough fights off problems

IN SPITE of an unusual number of adverse external factors, such as strikes at Ford, in the haulage industry and by the engineering workers, pre-tax profits of **Bullough,** engineering group, improved from £4.95m to a record £5.4m in the year to October 31, 1979.

With turnover increasing from £40.02m to £47.08m, tax charged was up from £1.45m to £1.61m. Earnings per 20p share are shown as 43.3p against 42.4p. The final dividend is 6.55p making a total of 10.75p—an increase of some 40 per cent on the previous total of 7.684p.

Mr. Derrick Battle, managing director, says a number of companies contributed to the improvement, including Project Office Furniture, B and B Trailers, Hago Products and the Newman Granger division. Beanstalk found the export going harder, and the profits for the electrical division were disappointing.

General uncertainties make it impossible to give a firm forecast for the current year, says Mr. Battle. There are indications of a downturn in most areas and the company expects first half profits to be lower than last year's £2.78m.

The group has a sound financial base, however, to withstand the difficult economic conditions which may lie ahead.

GRAPHIC CONTROLS

The proposed acquisition by **Graphic Controls** of certain assets of **Fairholt Industrial Holdings** will not be referred to the Monopolies and Mergers Commission under the provisions of the Fair Trading Act 1973.

BOND DRAWING

NORGES KOMMUNALBANK 7¼% 1971/1986 UA LOAN

Bonds for the amount of UA 1,086,000 have been drawn on January 11, 1980 in the presence of a Notary Public.

The Bonds will be reimbursed cum coupon No 10 on March 15, 1980. The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning:

at 8690 up to 10101 incl.

Amount purchased: UA 14,000

Amount amortised: UA 8,500,000

Outstanding drawn Bonds: [illegible]

Luxembourg, January 25, 1980.

THE TRUSTEE FINIMTRUST S.A.

SALES BY AUCTION

PETZOLD KG. PHOTOGRAPHICA

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COMPANY NOTICES

BRAZILIAN EQUITY HOLDINGS S.A.

Registered Office: LUXEMBOURG, 15 rue Aldringen

Notice of Annual General Meeting of Shareholders

The Annual General Meeting of shareholders of 1980 will be held at 27 Avenue Monterey, Luxembourg, on 4 February 1980 at 11.45 a.m. for the purpose of considering and voting upon the following matters: [illegible]

THE BOARD OF DIRECTORS

GENERAL MINING AND FINANCE CORPORATION LIMITED

Share Warrants to Bearer

Applications in respect of: [illegible]

GENERAL MINING AND FINANCE CORPORATION LIMITED, 3rd Floor, Princes House, 95 Gresham Street, London EC2V 7EN

L. J. BAINES, London Secretary

January 25, 1980

GENERAL MINING & FINANCE CORPORATION LIMITED

SHARE REGISTRATION

GENERAL MINING AND FINANCE CORPORATION LIMITED announces that it has appointed HILL SAMUEL REGISTRARS LIMITED as London Registrars. [illegible]

For and on behalf of GENERAL MINING AND FINANCE CORPORATION LIMITED

L. J. BAINES, London Secretary.

Princess House, 95 Gresham Street, London, EC2V 7BS.

25th January, 1980

GRANGES AB

THE GRANGESBERG COMPANY

8¼% Loan 1969

[illegible]

THE SOUTH AFRICAN LAND & EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

PAYMENT OF COUPON NO 79

[illegible]

EUROPEAN COAL AND STEEL COMMUNITY

6⅞% TWENTY-YEAR BONDS OF 1967 DUE MARCH 1ST, 1987

[illegible]

25th January, 1980

IRELAND

U.S.$ 8⅞% Bonds 1989

[illegible]

25th January, 1980.

URUGUAY 3¾% CONSOLIDATED DEBT 1891

[illegible]

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

[illegible]

PUBLIC NOTICES

HAMPSHIRE COUNTY COUNCIL

[illegible]

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

A. J. DACKIM & COMPANY LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co, situated at 3/4 Bentinck Street, London W1A 3BA on Tuesday, the 29th day of January 1980 at 12 o'clock mid-day, for the purposes mentioned in Sections 294 and 295 of the said Act.

Dated this 14th day of January 1980

By Order of the Board

L. A. MASKELL, Director.

TRAVEL

[illegible]

Franchise world

The magazine for people who want to put into business on their own in a proven franchise system [illegible]

...at the heart of franchising

Improved margins help Fitch Lovell to £6m

HIGHER volumes and increased margins in most activities of Fitch Lovell helped lift taxable profits by 48 per cent to £5.96m in six months to October 27, 1979. There was also an overall improvement in the Lovell and Christmas companies' results.

Sales of the food manufacturer, wholesale and retailer rose from £247.7m to £291.8m.

Mr. M. G. Webster, chairman, says the first half performance and good Christmas trading have provided a strong foundation for the full year.

The group faces a final quarter of reduced demand and higher costs which has to be compared with the same period last year when several group companies experienced exceptionally good trading.

However, he adds, the food industry has traditionally fared better than others in thin trading *conditions and the year's outcome* can be faced with some confidence. Pre-tax profits reached £9.79m in 1978-79.

Improved cash flow has offset the increased cost of money in the half year, he says. But higher rates and other pressures will weigh more heavily on this area in the second six months.

The net interim dividend is raised from 1.29712p to 1.491p—last year's final was 3.36771p. After tax of £1.6m (£1.2m), six months stated earnings per 20p share are up from 4.54p to 7p.

Pre-tax profits were struck after substantially reduced exceptional debits of £24,000, against £312,000.

	26 weeks 1979 £000	1978 £000
Sales	291,801	247,700
Trading profit	7,380	5,651
Manufacturing	2,918	2,204
Wholesale	798	968
Agriculture	929	849
Retail	1,729	1,269
Other	906	361
Interest, central costs	1,295	1,312
Exceptional debit*	24	312
Profit before tax	5,961	4,027
Tax	1,600	1,200
Net profit	4,361	2,827
Extraord. debit	—	1
Pref. div. minorities	16	18
Attributable	4,345	2,808
Ord. div.	927	802
Retained	3,418	2,006

*Profits on disposal of group properties £417,000 (£524,000); development, and re-organisation expenditure including financing costs £243,000 (£668,000); other exceptional items £198,000 (£168,000).

In the manufacturing sector all the UK companies, including meat, fruit and vegetable canning, contributed to the rise in trading profits to £2.92m (£2.2m). Only the relatively small French subsidiary did less well.

The wholesale and markets sector experienced a downturn to £0.8m (£0.97m), largely due to operational difficulties in dairy products. Encouraging sales and profit improvements were achieved in cash and carry and in frozen good and specialist cheese distribution.

On the agriculture, fisheries and feed side, the poultry group continued its increasing profits trend and the rebuilding of the Lymington processing unit, largely destroyed by fire in August, is proceeding to plan. Feed compounding continued to make progress.

Key Markets' profits continued to show significant growth. So far this financial year, four new stores have opened and one further store will open before April.

The non-food companies produced creditable results with a particularly strong performance from the insulation materials company, Machin and Kingsley, and a marked improvement from Hutton and Co. (Ships Chandlers), the chairman says.

● comment

With this year's 48 per cent pre-tax profit boost at the half-way stage, Fitch Lovell has doubled its first-half profits over the last two years. Sales are up 17 per cent, with pre-tax margins four points better. Strongest performances within the group came from food manufacturers Millers and Robirch, while the new type of spam introduced this year has apparently been selling well. Fitch's low export exposure—some £12m of sales—has spared it suffering from the strong pound, and brought it corresponding benefits in imports of raw materials like American tongue. It is unlikely that the second half will see a similar rate of profits growth, but nonetheless full-year profits should top the £10m mark, at which the prospective fully-taxed p/e is 12.4 on a share price of 85p. A similar increase in final dividend indicates a prospective yield of 8.9 per cent.

Cowan de Groot moves up and confident for year

WITH TAXABLE profits of Cowan de Groot up by 20 per cent from £1.07m to £1.28m for the half-year to October 31, 1979, Mr. Derrick Cowan, the chairman, says the board continues to view the future with confidence and looks forward to another record year.

For the previous full year, profits reached £2.2m on turnover of £38.9m.

Turnover for the first six months of the current year advanced from £19.2m to £23.7m. Satisfactory trading has been spread over each of the group's four divisions, which comprise: toys and giftware, electrical and hardware, Russian shop, and machinery.

Half-yearly earnings per 10p share are given ahead at 4.32p (4.03p) while the net interim dividend is effectively stepped up from 0.727p to 1p per share — the total last time was 2.727p.

Tax for the period took £666,000 (£556,000) and the retained surplus emerged at £427,000, against £397,000.

The repayment of the existing term loan to County Bank, the largest shareholder in the company, has been rescheduled with £500,000 repayable annually from 1986 to 1988.

The company has also signed an agreement for an additional term loan of £1m repayable in 1989-90. This new loan will be used to finance carefully selected acquisitions in or near existing fields.

Continued growth was achieved by Electrical Wholesalers, the Republic of Ireland offshoot, which now *accounts for some 16 per cent of group profits.*

The toy division had a record year benefiting because its merchandise consists of staple lines, which are unaffected by the sales fluctuations of certain novelty specialised toys.

The group's first two electrical acquisitions, C. Smith and Son (Wholesale Electrical) and Hardman and Leigh are being merged into one larger unit. The directors are confident that greater efficiency, plus reduced overheads, will be achieved without disturbing service to customers.

Benefits have already materialised from the amalgamation of A. Berkeley and H. and J. Supplies, where bicycle sales have progressed rapidly. Future growth is expected to be greatly assisted by the opening of new premises in Manchester.

The process of re-housing more group companies in larger and more suitable premises is continuing and this should aid results in the long term.

● comment

Given difficult trading conditions, Cowan de Groot's interim profits rise of a fifth is a creditable performance. Growth was spread throughout the group with the new electrical wholesaling activity in Ireland starting to come into its own. Elsewhere, the toys division (around a third of group profits) stood up remarkably well, no doubt due to the fact that the company has steered clear of high-risk, novelty products like electronic games. The company is a large importer of toys but up to now there has been little benefit from the stronger pound because most large orders were negotiated with forward currency cover. While not critical, the policy—in retrospect an over-cautious one—is being discontinued but this leaves the company *vulnerable to the vagaries* of the foreign exchange market. At the moment the company is looking for a sizeable acquisition to supplement the current momentum, which should produce profits of about £2.5m this year. The shares closed 4p higher at 64p yesterday, indicating a fully-taxed prospective p/e of nearly 8 while the yield is 7.7 per cent assuming a corresponding increase in the final dividend.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—John Brown, J. and J. Dyson, Hellus.

Finals—Glanfield Lawrence, Mackinnon of Scotland, Olympia (Redacre).

FUTURE DATES

Interims—

City of London Brewery and Investment Trust	Jan. 31
Stewart Plastics	Jan. 30
Worthington (A. J.)	Jan. 29

Finals—

Brenthall Beard	Jan. 28
Thermal Syndicate	Feb. 19
Vantage Securities	Jan. 29

Big slide at Olympia (Redacre)

WITH turnover dropping from £3.01m to £2.9m, pre-tax profits of Olympia (Redacre), the Lancashire corduroy manufacturer and dyer, slumped by more than half from £270,982 to £114,148 in the year to December 31, 1979.

After tax of £60,776 (£131,930) net profit comes out at £53,372 against £139,052.

Stated earnings per 20p share are given as 2.67p (6.95p), and the net dividend is unchanged at 1.69p.

Burt Boulton well ahead but warns on second six months

ON TURNOVER up from £19.14m to £22.25m, taxable profits of Burt Boulton Holdings jumped to £847,500 for the half year ended September 30, 1979, against £275,900.

The improvement has continued into the early months of the second half, but the directors say that with the high interest rates and the concentration of group activity in the summer months, an overall profit in these six months will be hard to find.

Profit for the whole of 1978/79 dropped from £780,873 to £13,752.

First half profit was struck after depreciation of £290,300 (£262,000), and interest £562,400 (£263,800), and was subject to tax amounting to £444,300 (£165,200).

The attributable balance emerged much higher at £394,300, compared with £108,100 previously.

The interim net dividend is unchanged at 3.5p per £1 share, last year's final payment being the same amount.

Helped by improved trading conditions and benefits from the first part of its reorganisation, Burt Boulton (Timber) made a useful contribution to results, the directors state.

Since September this company has ceased trading from Baltic Street, Hartlepool, and has sold the premises. The site within the docks there will be closed before the end of the current year.

Printar Industries, and South Western Tar Distilleries, the UK road surfacing companies, showed a substantial increase, the directors say, and Societa Italiana Neobit, the Italian side of this division, also improved its trading position.

R. Smallshaw

A modest rise from £334,891 to £340,710 in pre-tax profits is reported by R. Smallshaw (Knitwear) for the year to September 30, 1979 thus confirming the interim forecast that the year's results would at least equal those for the previous year.

Turnover increased from £4.4m to £5.44m. Tax increased marginally from £174,792 to £176,496.

A final dividend of 1.25p (same equivalent) is payable, making the total 1.75p (1.25p). Stated earnings per 10p share are 6.568p (6.404p).

World market outlook restrains optimism at English China

DESPITE A price increase for its china clay on January 1 English China Clays is still unable to restore operating margins to the healthy progressive levels seen before 1978. It was at the beginning of that year the group held back a price rise on its clay exports to the paper industry, Lord Aberconway, the chairman says.

Even so the clay division has turned in good profits and is *ready to satisfy still heavier demand*, he says: "Unfortunately we see signs, but at this stage only signs, of a slowdown in the demand for china clay in line with the general economic contraction widely forecast; but it is hard to say how early, how *steep, and how deep any down*turn in demand will be."

For the year to September 30, 1979, ECC lifted profits by a third to £33.12m (£24.48m). Had it not been for some non-recu[illegible] costs the result would hav[illegible] better and could be re[illegible] as auguring well for the [illegible] if only the prospective deman[illegible], particularly for china clay, could be viewed with confidence, the chairman says.

Sales in 1978-79 reached £281m (£234m) with £146.49m *(£119.51m) in the UK; £65.73m (£56.4m)* in other EEC countries; £47.36m (£37.68m) in the rest of Europe; £10.81m (£11.04m) in North America; and £10.4m (£9.62m) elsewhere.

Year-end liquidity was up £1.8m (down £10.52m) with net bank advances reduced to £3.78m (£8.89m).

Capital spending during the 12 months amounted to £36m (£26m). The directors are confident about the company's liquidity even though the proceeds of the 1977 rights issue and the 1978 seven-year facility of £20m have been deployed.

Authorised capital expenditure at year end was £33.15m (£32.74m), of which £15.51m (£17.13m) had been contracted.

As reported with results on January 11 the net dividend is raised to 5p (3.9084p).

Meeting, Hyde Park Hotel, SW, on February 20 at 12.30 pm.

Three resign from Board of Tebbitt

Three non-executive directors of Tebbitt Group have resigned *from the bo[illegible] in a move des*cribed by M[illegible] John Bentley, the new chairman, as "an amicable parting."

Mr. Bentley, who moved into the leather and construction company at the turn of the year after a lengthy absence from the *City, said Tebbitt's board had* been large for a small company. The slimmed down five-man board now consists wholly executives.

The resigning directors are [illegible] Harry Fletcher, Tebbitt's former chairman, who sold his 2.08 [illegible] cent stake in the company [illegible] weeks ago, Mr. Michael Er[illegible] and Mr. J. G. Hartley. Fletcher and Mr. Briggs will [illegible]tinue to act on a consulta[illegible] basis for Tebbitt.

LEDA INVESTMENT

Earnings per 20p income share at Leda Investment Trust for 1979 was 3.81p and total dividend 3.78p. These figures were incorrectly stated yesterday owing *to a typographic[illegible]ror.*

FOOD PRICE MOVEMENTS

	January 24 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton	1,270	1,270	1,240
British A.1 per ton	1,220	1,220	1,220
Ulster A.1 per ton	1,220	1,220	1,220
BUTTER‡			
NZ per 10 kg	14.20/14.37	14.20/14.37	13.60/13.77
English per 10 kg	18.47	18.47	18.07
Danish salted per 10 kg	19.18	18.75	18.75
CHEESE‡			
English cheddar	1,505	1,505	1,505
Irish cheddar	1,326.11	—	1,410/1,4[illegible]
Danish cheddar	1,395	1,420	1,420
EGGS*			
Home produced:			
Size 4	4.70/4.90	4.60/4.80	4.80/5.20
Size 2	5.00/5.10	5.00/5.20	5.30/5.70
	January 24 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	63.0/67.0	64.0/65.0	65.0/69.0
Eire forequarters	46.0/49.0	46.0/49.0	40.0/43.0
LAMB			
English	46.0/56.0	50.0/56.0	44.0/54.0
NZ PLs/PMs	49.0/51.0	49.0/52.0	51.0/52.0
PORK			
All weights	36.0/50.0	35.0/50.0	38.0/51.0
POULTRY			
Oven-ready chickens	37.0/48.0	37.0/40.0	38.0/42.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks delivered, per tonne.

OIL AND GAS NEWS

More gas discovered off coast of Thailand

Japan's Mitsui Oil Development *hopes to start commercial* production of natural gas from the Platong and Kaphong fields, located around 115 miles off the east coast of Thailand, from around 1983, according to an announcement from Tokyo.

Six successful gas wells have *been drilled in the two fields* where Mitsui Oil is in partnership with Union Oil of California.

Mitsui holds a 40 per cent interest in the fields, on Block 11 in the Gulf of Thailand, while Union Oil holds the remaining 60 per cent. The wells were drilled by the Thailand unit of Union.

Accompanying the announcement were results from the latest confirmation well, the Platong No 3. This tested at a combined rate of 28m cubic feet of natural gas and 1,240 barrels of oil-like condensate a day from between 4,796 and 6,762 feet.

The Mitsui-Union Oil partnership intends to hold talks with the Thai Government regarding the start-up of commercial production and the pricing structure of gas sales contracts.

* * *

Imperial Oil, Exxon's Canadian unit and Canada's largest integrated oil company, will spend C$700m (£264m) on exploration and development this year, reports Robert Gibbens from Montreal.

This figure includes C$200m for exploration in western Canada and in the Arctic area. Spending on the Syncrude and Cold Lake heavy oil development will be about C$120m, double that of last year.

Spending of C$125m at Judy Creek in Alberta and Norman Wells, North West Territory, where Imperial has found new reserves, could result in additions of about 400m barrels to total reserves.

Refineries across Canada will get C$120m for improvements including modification of the Dartmouth plant in Nova Scotia to take a variety of imported crudes.

* * *

Egypt has granted Cie *Francaise des Petroles (CFP)* two licences to search for oil in Blocks 313 and 355 in the Gulf of Suez, according to CFP.

As operator CFP will spend $18m over four years and will receive 25 per cent of the production from the first field and 37.5 per cent from the second.

* * *

Columbia Gas Development Canada, a unit of Columbia Gas Systems, has concluded the sale for C$50m (£18.9m), of its 3.5 per cent working interest in 2.9m acres in the Beaufort Sea to Dome Petroleum.

Columbia retains a 0.25 per cent working interest in the lands as well as the right to *purchase 21.5 per cent of all* gas found in the acreage. The sale to Dome does not involve any other interest held by Columbia.

* * *

Austria's state-owned oil company has found natural gas *at a depth of just over 7,500* metres in a well drilled at Zister-dorf, about 35 km north-east of Vienna.

A spokesman said it would take two years and several more drillings to determine the size of the gas find. Austria *produces around 2.8m tonnes of* oil and 1.6bn cubic metres of natural gas a year.

* * *

Conex Oil Exploration, a unit of Conex Exploitation, and Geometals Oil Exploration, have been granted offshore oil exploration permit WA-136-P in the Browse Basin of the North West Shelf. The area is approximately 5.7m acres. Exploration will commence immediately.

* * *

Mobil Oil Canada plans to drill two additional wells off Sable Island offshore the coast of Nova Scotia in the second quarter of 1980.

Mr. J. G. Little, Mobil Canada's president told a National Energy *Board* hearing that the company expects to know by 1982 whether the Sable Island area has the three trillion (million, million) cu ft of gas necessary to make production feasible. According to Mr Little it would be at least 1986 before production could begin.

Mr. Little said that a total reserve of three trillion cu ft would produce about 450m cu ft per day, considerably more than New Brunswick and Nova Scotia would consume by themselves.

Last year a joint venture by Mobil and Petro-Canada made a significant gas discovery in the *D-22 well in 18 metres of water*, 12 km off the eastern tip of Sable Island.

The National Energy Board hearings are looking into an application by TransCanada Pipelines and Q and M Pipelines to extend TransCanada's gas pipeline *to Quebec City and to* the Canadian maritime provinces.

* * *

Wood Petroleum says that a gas discovery in Dewey County Oklahoma flowed at a rate of *19,569,000 cu ft a day* at depths of between 13,341 and 13,390 feet.

The Woods 1979-2 drilling programme has a 46.6 per cent working interest in the well. The remaining interest was not revealed.

* * *

American Quasar Petroleum has made a gas discovery on its East Lake Arthur prospect in Cameron Parish, Los Angeles.

The well flowed gas at the rate of 2.9m cu ft a day at depths of between 12,510 and 12,525 feet.

American Quasar is operator of the well and owns a 60 per cent working interest along with its limited partners. IMC Exploration of Houston holds the remaining 40 per cent.

* * *

A development well completed by Transierra Exploration Corporation on a 640 acre block in Lincoln County Oklahoma flowed at a rate of 1,422 barrels of oil daily from the Bartlesville formation at 4,562 feet.

The well, the Transierra-Paschall No. 2, is located a quarter of a mile west of the Transierra-Paschall No 1 well which was successfully completed last December. Transierra has a 75 per cent working interest in the well.

* * *

Apache Corporation says that it tested a well at the rate of 1,100 barrels of oil a day in Converse County, Wyoming about 55 miles northeast of Casper. The well was drilled to a depth of 13,097 feet.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
AEN C	F.350	—	—	5	0.70	—	—	F.289
AKZ C	F.22.50	102	1.80	22	2.50	3	3.50	F.23.20
AKZ C	F.25	9	0.70	105	1.20	6	1.70	"
AKZ C	F.27.50	30	0.20	47	0.40	—	—	"
ARB C	F.60	5	2.90	—	—	—	—	F.61.50
ARB C	F.65	1	1	—	—	—	—	"
ARB C	F.70	10	0.50	—	—	—	—	"
EK C	$50	2	3¾	5	5⅜	—	—	$50¼
EK C	$60	102	¼	10	1⅝	—	—	"
HO C	F.20	—	—	2	3.50	5	5	F.22.90
HO C	F.22.50	10	1.60	9	1.90	—	—	"
HO C	F.25	20	0.60	10	1	—	—	"
IBM C	$65	—	—	1	9½	—	—	$71¾
IBM C	$75	26	2¼	—	—	8	5½	"
KLM C	F.70	97	7	54	8.50	39	7.50	F.75.20
KLM C	F.80	496	3	40	3.80	7	3.60	"
KLM C	F.90	265	0.50	16	1.20	—	—	"
KLM C	F.100	90	0.20	—	—	—	—	"
KLM P	F.70	105	2.50	47	4	10	6.90	"
KLM P	F.80	44	7.50	6	9.40	—	—	"
KLM P	F.90	—	—	2	19.50	—	—	"
NN C	F.115	15	7	—	—	—	—	F.118.60
NN C	F.120	50	3.70	31	5	1	6	"
NN C	F.125	36	1.30	—	—	—	—	"
PET C	Fr.5500	—	—	4	640	—	—	Fr.5680
PET C	Fr.6000	10	220	—	—	3	480	"
PHI C	F.20	95	1.20	52	1.40	125	1.90	F.20.20
PHI C	F.22.50	135	0.40	100	0.60	68	0.80	"
PHI C	F.25	—	—	2	0.30	—	—	"
PHI P	F.20	37	0.30	—	—	100	0.60	"
PHI P	F.22.50	64	2.30	—	—	—	—	"
RD C	F.140	20	14	10	14	1	14	F.150.20
RD C	F.145	75	9.80	—	—	18	10.30	"
RD C	F.150	220	6.50	152	7.60	19	7.80	"
RD C	F.160	579	2	164	3	—	—	"
RD P	F.140	200	1.10	20	2.60	—	—	"
RD P	F.145	43	2	—	—	—	—	"
RD P	F.150	68	4.20	—	—	5	9.60	"
RD P	F.160	46	10	10	13.70	—	—	"
UNI C	F.115	12	4.80	—	—	1	7	F.115.50
UNI C	F.120	3	2.30	—	—	—	—	"
UNI C	F.130	7	0.60	—	—	—	—	"
XRX C	$70	3	2⅛	10	4	1	6	$66¾
		Feb.		**May**		**Aug.**		
BA C	$45	5	21¼	3	21½	—	—	$66
BA C	$50	4	16¼	2	16½	—	—	"
BA C	$60	—	—	14	9½	21	10¼	"
SLB C	$80	1	22½	—	—	—	—	$102
SLB C	$100	23	4¾	8	8½	—	—	"

TOTAL VOLUME IN CONTRACTS 4850

C - Call P - Put

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	*17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½ %
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½ %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½ %	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	17 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½ %
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Yorkshire Bank	17 %
Eagil Trust	17 %		
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½ %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	§17 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%, 1-month deposits 15½%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15½% and over £25,000 15¾%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

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NORTH AMERICAN NEWS

Strong gains by Texaco and Gulf

BY DAVID LASCELLES IN NEW YORK

MORE OIL companies reported strong gains in earnings for the fourth quarter yesterday. Texaco, number three in the U.S., earned $533.9m or $1.97 a share, up 62 per cent on last year's $328m or $1.21. As a result, year-end earnings reached $1.8bn or $6.48, up more than 100 per cent on 1978's $852m or $3.14.

Texaco stressed, however, that while the improvement was due to higher oil prices, the 1979 figures also contained large foreign currency translation gains, while 1978 had registered large losses on the same account. Texaco's revenues for 1979 were $39.1bn, up 34.2 per cent on 1978.

Fourth quarter net income at Gulf, the fifth largest company, was $366m, or $1.88 a share, up 54 per cent on $237m or $1.22 per share in the last quarter of 1978. Revenues were up 42 *per cent to $7.7bn*.

Sensitive to U.S. criticism of high oil company earnings, Gulf (like other companies this week) stressed that the major earnings gains had come from abroad: Europe 188 per cent, and other overseas earnings 68 per cent. By contrast, U.S. earnings had risen 46 per cent and Canadian 16 per cent.

Gulf also said that its 1979 profits in the U.S. on each gallon of refined product and natural gas equivalent rose from 2 cents to 2.7 cents. Return on shareholders' equity rose from 10.5 per cent to 16.3 per cent. Mr. Jerry McAfee, chairman, said that considering Gulf had invested $11bn since its previous earnings record in 1974 "it should be apparent that this is the first time in several years that we have received a fair return on our efforts."

Among Gulf's other operations, chemicals registered a *sharp earnings gain*, from $12m to $59m, due to increased demand for aromatics and higher prices for certain plastics. But losses connected with its investment in nuclear power which have been dogged by problems with its general atomic joint venture with Shell increased from $20m to $28m.

Gulf's capital investments in the final quarter of 1979 were $976m, up 75 per cent on last year.

Gulf's fourth-quarter results brought its full-year earnings to $1.32bn, or $6.78 per share, up 68 per cent on the $785m or *$4.03* earned in 1978. Revenues rose from $20.1bn to $26.1bn.

Citicorp moves ahead 13% on year

By David Lascelles in New York

CITICORP, holding company of Citibank, New York's largest bank, registered a 13 per cent earnings gain in 1979. According to its financial statement, income before securities' gains and losses was $544.2m or $4.36 per share, compared to $481.6m or $3.88 in 1978. Fourth quarter income was $154.2m or $1.23, up 30 per cent on the 1978 final quarter of $118.5m or $0.95.

Citicorps rate spread narrowed slightly during the year, from 3.33 per cent to 3.09 per cent, but loan volume increased 20 per cent to $63bn, providing the bank with a revenue growth of 11 per cent to $2.51bn.

Trading profits in securities rose sharply to $55m and total fee revenue was up 28 per cent to $135m. But earnings in foreign exchange trading dropped from $172m to $114m.

Operating expenses were up 17 per cent, mainly due to the cost of developing banking business.

Carter bonds allocation is kept within DM2bn limit

BY FRANCIS GHILES

THE unexpectedly enthusiastic demand for the second tranche of DM 2.02bn in "Carter bonds" totalled DM 4.62bn. The final allocation of 2½- and 3½-year U.S. Government notes was announced by the Bundesbank yesterday.

Applications of DM 2.20bn were received for the 2½-year notes which yield 8.50 per cent, and DM 970m worth of bonds were allotted, while applications of DM 2.42bn were received for *the 3½-year notes which yield* 8.45 per cent, and DM 1.05bn of bonds were allotted.

The extent of oversubscriptions was much greater than for the first tranche of Carter bonds issued by the U.S. Treasury last November in the German domestic market. Then, a total of DM 3.89bn worth of bonds was received and a similar amount finally allotted.

The domestic D-mark market reacted well to this news. Although secondary market prices did not visibly improve, the Bundesbank had to sell DM 109m worth ofb onds to satisfy investor demand.

This sector was also helped by the realisation that the Federal Government had already satisfied a sizeable amount of its borrowing requirement for 1980: DM 9bn out of a total estimated figure of DM 60bn-65bn.

Prices of foreign D-mark bonds improved by ⅛/¼ of a point. Meanwhile, the DM 150m seven-year public issue for Oesterreichische Kontrollbank, which is lead managed by Deutsche Bank, was priced at par to yield 8 per cent. The indicated coupon of 7¾ per cent was increased earlier this week by ¼ of a point.

The volume of new D-mark *foreign bonds issued since* December 27 now stands at DM 1.25bn. With reflows of principal and interest on foreign D-mark bonds running at an estimated DM 12bn a year, many German dealers would not be surprised to see the Capital Markets sub-committee fix a new issue calendar or around DM 1bn at its monthly meeting.

A few new issues are being arranged in the other hard currency sectors of the market. Sweden, which earlier this week arranged a SwFr 200m private placement through Credit Suisse, is back in the market with a SwFr 100m 11-year public offering through Union Bank of Switzerland. This borrower is paying a coupon of 5½ per cent and the issue is expected to be priced at par.

In the guilder sector, the Inter American Development Bank is arranging a F 160m 10-year issue through Algemene Bank Nederland. The borrower is paying a coupon of 9¾ per cent on these bonds, which have an average life of eight years.

Dollar bond prices improved yesterday morning, sometimes quite sharply, but fell back later in the day. Prices ended the day on a mixed note, with a number of issues showing gains *of around ¼ of a point on the* day. Japanese convertibles were marked higher following a rise in the Tokyo stock exchange.

Sterling denominated bonds were marked higher during the morning following the firm opening of the gilt-edged market. Grains of as much as a *point were recorded* but dealers later marked prices down. Most prices ended the day showing gains of ⅛-¼ of a point on the day.

● The European Commission is seeking authorisation to raise UA 500m in the second phase of the UA 1bn lending instrument known as the Ortoli facility. ast May, EEC finance ministers approved the first phase, empowering the Commission, in conjunction with the European Investment Bank, to raise UA 500m.

Posner and companies under scrutiny

By Our New York Staff

MR. VICTOR POSNER, the prominent Florida industrialist, and three of the companies he runs are being privately investigated by the Securities and Exchange Commission.

The SEC is looking into the possibility that *people* bought shares in two of the companies, NVF and Sharon Steel, using material non-public information. It is also examining whether SEC filings contained faults and misleading statements, and whether the third company, Pennsylvania Engineering, obtained a bank credit in violation of margin rules.

Shares in the three companies were temporarily suspended on Wall Street yesterday.

Mr. Posner, an active investor across a broad range of business, was a prominent figure in several recent takeovers

Fairview progress

Cadillac Fairview Corporation, the largest quoted Canadian real estate development company and controlled by the Bronfman family of Seagram Company, earned C$11.9m (US$10.25m) or 13.1 cents a share in the nine months ended November 30 against C$18m or 59.5 cents a year earlier on revenues of C$493m against C$294m, reports our Montreal correspondent.

Two major banks quit Fed

BY OUR NEW YORK STAFF

TWO LEADING Pennsylvania banks, Equibank of Pittsburgh and National Central Bank of Lancaster have become the largest U.S. commercial banks ever to quit the Federal Reserve System, accelerating a trend which is a growing concern to the U.S. central bank.

Equibank, which has assets of $2.6bn is the seventh largest bank in the state and National Central the eleventh. Both banks said yesterday that their decision reflected their unhappiness with the fact that they must keep tens of millions of *dollars on deposit with the Fed* as members of the system, and that these deposits do not earn interest.

I nthe case of Equibank its reserves are around $100m. Under state law it will now be able to earn interest on $50m of these funds. As a non-member it *will* not be able to use the Fed's wire funds transfer service and would only have access to the central bank for funds in extreme circumstances.

The erosion of its membership has been a growing worry for the Fed which has complained that it will tend to weaken its control of the U.S. money supply. It also tends to erode the stature of the central bank. Throughout last year, legislation which would have made it mandatory for all banks above a certain size to keep non-interest bearing reserves at the Fed was examined by Congress but failed to pass. It has been re-introduced in the present session.

At present, around 1,450 of the nation's 14,000 banks are Fed members and their assets account for some 70 per cent of *banking assets. In the past five* years some 330 banks with assets of over $17bn have quit. (

The banks that leave drop out pof the regulation of the comptroller of the Currency since they take up state charters. This in itself is not a major concern but the Fed is worried that in*creasingly the reserves, which* non-member banks put with large money centre and correspondent banks to satisfy state law, could pose problems in the event that a credit crunch led to the rapid withdrawal of such liquid funds.

The Fed has said that it fears *that over 500 banks* are on the verge of quitting the system. The move by the two Pennsylvania banks, which in part reflects competitive pressure from rivals who are not Fed members, will strengthen its case for action to halt the deciluen. shrejudc etaoi shrd c decline.

TWA losses hit parent

BY OUR NEW YORK STAFF

TRANSWORLD Corporation was dragged into a $43.8m net loss in the final quarter of 1979 by another disastrous period for its Transworld Airlines subsidiary.

The airline, hit by soaring fuel costs in its ageing fleet and under fierce pressure from price cutting competitors, saw its losses rise to $65.4m—$24.4m worse than in the same quarter of 1978.

For the whole of last year, the corporation reported after-tax earnings of $8.6m, down from $86.6m in 1978. TWA's share for the year was a loss of $27.2m compared with a $35.1m surplus the previous year.

The corporation's other subsidiaries—Hilton Hotels, the Canteen Food Services group, Century 21 Property and the Spartan Restaurant chain—all had record earnings.

Hilton Hotels had a particularly good year, increasing earnings by 24.8 per cent to $55.5m. Growth was most spectacular in the final quarter, with earnings up 34.5 per cent to $14.5m.

Brokerage rate fixing alleged

WASHINGTON — The Justice Department filed a civil anti-trust suit against two trade associations — Forfex Association of North America and the Foreign Exchange Brokers Association.

The suit was filed in the U.S. District Court in New York and alleges that the two associations agreed to fix the commission rates that brokers charge banks for brokerage services in the trading of foreign exchange ond Eurocurrencies between banks in the U.S.

The complaint seeks an injunction to prevent the trade groups fixing commission rates between them or among their members.

AP-DJ

Sealand leaves Pacific cartel

BY IAN HARGREAVES IN NEW YORK

THE WORLD'S largest container shipping company, Sealand, is to pull out of 12 price fixing conferences in the Pacific trades in a move certain to provoke a rates war.

Sealand, part of the R. J. Reynolds Group, has served notice on the 12 conferences which govern eastbound trade between the Far East and the U.S.-Canadian south west coast seaboad.

Through the withdrawal Sealand has shown competitors in the once lucrative Pacific trades that it intends to use its pricing muscle to recoup the rapidly declining U.S. flag carriers market.

Sealand estimates that the U.S. flag ships' share of eastbound Pacific liner cargoes (all cargoes except bulk shipments such as oil and ore) fell from 25 per cent in 1978 to 20 per cent in 1979.

At the same time, shipping lines from outside the countries involved in the movement of cargo — the cross traders — increased their share from 57 per cent to 60 per cent.

Soviet shipping lines have been especially successful in the Pacific; so have some of the newer far east companies, such as Evergreen of Taiwan.

FIRST CHICAGO CORPORATION

Restoring boardroom confidence

BY MARALYN EDID IN CHICAGO

The departure earlier this week from First Chicago Corporation of Mr. Edwin Yeo, chairman of the bank's liability and asset committee, has highlighted the turmoil in the boardroom which has followed several years of somewhat lacklustre earnings. The bank's problems reflect the rapid increase in U.S. interest rates during 1979: problems which First Chicago is striving to resolve

WHEN FIRST Chicago Corporation last November elected Mr. Harvey Kanpnick, the former chief executive of Arthur Andersen, a major accounting firm, as deputy chairman and chief operating officer, the financial community buzzed with speculation that the tenure of Mr. A. Robert Abboud, the bank's chairman, might be shortlived.

Then, earlier this week, further evidence of turmoil at the top of the nation's ninth largest commercial bank surfaced with the news that Mr. Edwin H. Yeo III, chief financial officer and a former U.S. Treasury under secretary had quit.

Mr. Yeo's departure came one week after the $30.2bn bank announced a 47.2 per cent plunge in fourth quarter earnings before security transactions and an 11.9 per cent slide in 1979 net operating income to $115.4m. Mr. Yeo resigned his $174,700 a year post to become chief fiancial consultant to Mayor Byrne of Chicago. The move is only the latest in a constantly changing scene at the bank, whose sluggish earnings performance in the past three years has contrasted sharply with the profitability of its equally large rival in Chicago, Continental Illinois Corporation.

First Chicago, was also the only major money centre bank which reported a decline in third quarter net operating income. Morale is said to be low and there are reports that customers are deserting. Whatever accomplishment the 50-year-old Mr. Abboud had achieved in cleaning up the bank's loan portfolio and restructuring its balance sheet since becoming chairman of the troubled institution in December 1975 seems to have been outweighed by persistent *problems in 1979*.

The sudden announcement about Mr. Yeo resolved contradictory reports about his future. A recent article in the New York Times stated that he had become number three in the bank's hierarchy, standing behind Mr. Abboud and Mr. Kapnick and displacing the president and chief lending officer, Mr. Richard L. Thomas. Last weekend, however, rumours predicted correctly that Mr. Yeo's departure was imminent.

But against a backdrop of official displeasure with what now appears to be an erroneous New York Times story, and dismal fourth quarter earnings due to an asset-liability mix that left the bank vulnerable to the rapid rise in interest rates Mr. Yeo's resignation was not surprising. Mr. Yeo, who joined the bank in 1977, was chairman of its asset and liability committee.

Bank analysts see Mr. Yeo's exit as the result of a power struggle between himself and Mr. Thomas, with the latter emerging as victor, and as a *graceful way of explaining* fourth quarter results.

Mr. Yeo is well known in international banking, especially for his role as intermediary during the 1976 negotiations between Britain, the U.S. and the International Monetary Fund, that led to a $4bn standby loan from the Fund to help shore up the British economy. As Under-Secretary of the Treasury between 1975 and 1977, he also helped stave off New York City's bankruptcy period.

Mr. Yeo's skills will be useful to Chicago at a time when the city's reputation in the financial community is deteriorating. Last September, Standard and Poor's lowered the city's credit rating to A-plus from AA after revelations of a multi-million dollar deficit. The rating agency is again raising questions about the city's *financial* condition and about the recent dismissal of Chicago's well-respected budget director, and its involvements in an $875m plan to save the Chicago schools' system from financial collapse.

Meanwhile, First Chicago must regroup, repairing its balance-sheet, its management team, and corporate image. It is still recovering from the 1973-75 recession when an excessive emphasis on growth, lax loan policies and an excessive involvement with real estate investment trusts left the bank holding millions of dollars in bad loans and leaving too more than $560m in write-offs during the last six years. Although First Chicago's provision for loan losses is now diminishing, dropping by $34m *to $84m in 1979*, with an improving loan portfolio and overall financial structure, the bank's record in asset and liability management remains unimpressive.

Bank analysts expect that First Chicago will be the only money centre bank to report an *earnings decline in 1979*, although several banks will also report a fourth-quarter dip.

First Chicago made the mistake at a critical time of forecasting that interest rates would fall, and managed its assets and liabilities accordingly.

On the assumption that interest rates would move downward last year, First Chicago shortened the maturity schedule on its domestic borrowings and enlarged its fixed rate domestic loan portfolio during the first half in an effort to lock in high yields and benefit from the *declining cost of funds*.

But the optimistic view did not materialise and rising money costs severely squeezed First Chicago's margins.

In the second half, the bank engaged in sizeable Eurodollar transactions, opting for longer-term loans and shorter-term borrowing, a common mismatch in overseas funding that can be lucrative when interest rates fall. But skyrocketing interest rates in late 1979 wiped out the potential arbitragde profit and probably put the portfolio into a loss position.

Overseas reverses accounted for 70 per cent of the bank's $18m drop in interest income to $101.5m between the third and fourth quarters. Net interest income slipped 5.9 per cent to $464m for the full year.

Net interest yields also declined throughout 1979 starting at a high of 2.4 per cent in the first quarter and falling to 2.33 per cent, 2.1 per cent, and an estimated 1.75 per cent in each of the succeeding periods.

The most serious problems came in the fourth quarter which the bank identified as sharp declines in overseas income and narrowed margins on domestic business.

In the short run, analysts say these funding problems can be corrected but it is the long-running personnel problems that could sabotage progress at *First Chicago, which is plagued* by sagging morale and an exodus of talented executives. More than 200 middle to upper level managers, including executives and senior vice presidents, have left the bank during the last few years, creating *uncertainty* among those who remain and adversely affecting its public image.

The bank's commercial loan efforts are handicapped by a shortage of loan officers with ten to 15 years' experience and frequent disruptions in customer relations. A survey of bank clients by Investment Consultants Greenwich Research showed a five-year deterioration in customers' evaluation of the bank in rating its calling officers and ability to manage its own affairs.

Many people reportedly left because of disaffection with Mr. Abbound's abrasive management style. The chairman retorts that "they couldn't take the heat" of making their own decisions. As a result, First National is losing market share *with clients like Inland Steel* and Ouaker Oats shifting their allegiance.

While First Chicago last year recorded a 14 per cent increase in loans outstanding, regional competitors like Northern Trust and Harris Bankcorp reported 24 per cent gains and arch rival Continental Illinois Corporation, parent of Continental Bank, said loans grew by 27 per cent over a year ago, while net operating income jumped 15 per cent.

Mr. Abboud said in November that the election of Mr. *Kapnick would let him finally* concentrate on the business of banking while the deputy chairman with his years of accounting expertise would assume responsibility for administration, operation, long-term planning and other related duties. Mr. Abboud has often *said he would need five years* to turn the bank around and he is now into the fifth year.

U.S. QUARTERLIES

ABBOTT LABORATORIES

	1979 $	1978 $
Fourth quarter		
Revenue	470.7m	396.1m
Net profits	53.78m	45.01m
Net per share	0.89	0.75
Year		
Revenue	1.7bn	1.4bn
Net profits	178.98m	148.63m
Net per share	2.97	2.48

AMFAC

	1979 $	1978 $
Fourth quarter		
Revenue	456.8m	434.5m
Net profits	13.23m	16.77m
Net per share	0.99	1.29
Year		
Revenue	1.69bn	1.5bn
Net profits	51.78m	39.21m
Net per share	3.87	3.02

CARPENTER TECH.

	1979 $	1978 $
Second quarter		
Revenue	131.5m	104.7m
Net profits	9.4m	9.2m
Net per share	1.10	1.08
Six months		
Revenue	252.8m	200.7m
Net profits	16.3m	15.0m
Net per share	1.91	1.76

CROWN ZELLERBACH

	1979 $	1978 $
Fourth quarter		
Revenue	727.1m	612.2m
Net profits	83.90m	45.10m
Net per share	1.33	1.77
Year		
Revenue	2.80bn	2.46bn
Net profits	133.60m	112.10m
Net per share	5.24	4.39

DRAVO CORPORATION

	1979 $	1978 $
Fourth quarter		
Revenue	330.6m	356.5m
Net profits	10.69m	10.27m
Net per share	1.32	1.35
Year		
Revenue	992.3m	959.0m
Net profits	28.18m	25.22m
Net per share	3.47	3.43

GEORGIA-PACIFIC

	1979 $	1978 $
Fourth quarter		
Revenue	1.37bn	1.18bn
Net profits	70.0m	75.0m
Net per share	0.67	0.73
Year		
Revenue	5.21bn	4.4bn
Net profits	327.0m	302.0m
Net per share	3.12	2.98

GERBER PRODUCTS

	1979 $	1978 $
Third quarter		
Revenue	155.7m	121.5m
Net profits	7.42m	7.01m
Net per share	0.83	0.85
Nine months		
Revenue	429.2m	363.5m
Net profits	20.48m	19.63m
Net per share	2.41	2.40

HEUBLEIN

	1979 $	1978 $
Second quarter		
Revenue	535.2m	494.5m
Net profits	24.41m	20.7m
Net per share	1.14	0.97
Six months		
Revenue	989.3m	923.1m
Net profits	45.53m	38.33m
Net per share	2.13	1.80

INLAND STEEL

	1979 $	1978 $
Fourth quarter		
Revenue	859.2m	841.2m
Net profits	23.34m	47.27m
Net per share	1.13	2.28
Year		
Revenue	3.64bn	3.25bn
Net profits	130.0m	156.49m
Net per share	6.27	7.61

MINNESOTA MINING

	1979 $	1978 $
Fourth quarter		
Revenue	1.4bn	1.2bn
Net profits	167.2m	147.2m
Net per share	1.43	1.26
Year		
Revenue	5.4bn	4.7bn
Net profits	655.2m	563.0m
Net per share	5.59	4.83

NEWMONT MINING

	1979 $	1978 $
Fourth quarter		
Net profits	63.78m	17.05m
Net per share	2.53	0.66
Year		
Net profits	178.64m	34.11m
Net per share	7.07	1.28

ROHM AND HAAS

	1979 $	1978 $
Fourth quarter		
Revenue	387.8m	309.0m
Net profits	18.2m	13.0m
Net per share	1.40	1.01
Year		
Revenue	1.6bn	1.3bn
Net profits	95.5m	57.8m
Net per share	7.39	4.49

TIGER INTERNATIONAL

	1979 $	1978 $
Fourth quarter		
Revenue	276.30m	203.9m
Net profits	14.43m	16.80m
Net per share	1.00	1.18
Year		
Revenue	925.5m	703.8m
Net profits	43.63m	50.02m
Net per share	3.03	3.68

TRANE COMPANY

	1979 $	1978 $
Fourth quarter		
Revenue	185.2m	155.7m
Net profits	9.89m	8.81m
Net per share	0.96	[illegible]
Year		
Revenue	658.4m	574.5m
Net profits	28.02m	29.78m
Net per share	2.70	[illegible]

VULCAN MATERIALS

	1979 $	1978 $
Fourth quarter		
Revenue	202.6m	178.1m
Net profits	18.63m	11.0m
Net per share	1.60	[illegible]
Year		
Revenue	747.7m	[illegible]
Net profits	63.8m	51.3m
Net per share	5.48	4.43

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. *For further details of these or other bonds see the complete list of Eurobond prices published* on the second Monday of each month.

Closing prices on January 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	88¼	88¾	0	−1⅛	12.09
Alex Howden XW 9½ 91	30	76½	78	+1¼	+1	13.50
Aquitaine Can. 11¼ 85	30	94⅝	95⅜	+0⅛	−1⅞	12.70
Australian Res. 9¾ 84	30	90⅜	91½	−0¼	−1⅛	12.34
Avco O/S Cap. 10½ 87	40	80¼	81	−0⅛	−1¼	14.72
Beneficial Fin. 9¾ 87	100	87¼	87¾	0	−2⅛	12.38
CECA Grad. Rate 12 86	100	96⅜	96⅞	0	−0⅛	12.92
CECA 9¾ 99	125	†78⅜	79⅜	−0¼	−1½	13.08
Canadian Pacific 9¾ 89	50	86⅜	87⅛	0	−2⅛	12.13
Carter Hawley 9¾ 86	50	87⅝	88⅛	0	−1⅞	12.57
Comalco Inv. E. 10¼ 91	40	88½	89	−0⅞	−1½	12.09
Continental Grp. 9¾ 86	100	88⅜	88⅞	+0¼	−1⅛	12.25
Dome Petroleum 10 94	50	85	85½	+0⅛	−2⅞	12.20
Dominion Bridge 10¼ 84	30	92⅞	93⅜	−0⅛	−1⅞	12.41
EIB 11¾ 92	80	93⅜	93⅞	+0⅛	−3¼	12.82
EIB 10 99	150	82⅞	83⅞	+0⅛	−2	12.64
EIB 10⅛ 87	100	89⅞	90⅜	+0⅛	−1½	12.61
EIB 10.15 99	100	84	85	0	−1⅞	12.64
Ekportfin 11¼ 87	50	95⅛	95⅝	+0¼	−0⅞	12.27
Export Dv. Cpn. 9¼ 84	100	90⅝	91⅛	0	−1	12.19
Export Dv. Cpn. 9¾ 84	150	92⅛	92⅝	0	−0⅞	11.96
Finland 9⅞ 89	100	86¼	86⅝	+0¼	−1⅛	12.42
GTE Finance 9⅞ 89	55	88¼	88¾	−0¼	−1	11.84
GMAC 9¼ 86	100	87⅜	87⅞	+0⅛	−1½	12.11
GMAC O/S Fin. 11 84	100	96¼	96¾	0	−1	11.97
Gould Int. Fin. 9⅞ 85	50	90⅝	91⅛	+0½	−1¼	12.24
ITT Antilles 9½ 89	75	85	85½	−0¼	−1⅛	12.23
Kennecott Int. 9½ 86	100	85⅛	85⅝	+0¼	−1⅝	13.01
Manitoba 9½ 89	75	84⅝	85⅛	+0⅛	−1½	12.34
Michelin 10 94	125	86½	87	−0⅛	−1⅝	11.94
Nat. Des. Telecm. 9½ 86	100	88⅝	89⅛	0	−1⅛	12.07
New Brunswick 9¾ 94	75	83⅜	84¼	−0⅛	−1⅝	12.17
Newfoundland 10 94	50	85½	86	+0¼	−2⅞	12.16
Norges Komm. 9⅞ 99	100	84½	85	+0¼	0	12.25
Norway 9½ 84	150	91¼	91¾	0	−1½	12.13
Nova Scotia Pwr. 9¾ 89	50	85⅞	86⅜	−0¼	−2⅛	12.31
Occidental Fin. 10⅜ 84	50	93⅜	94¼	+0⅛	−0⅞	12.06
Orient Leasing 9½ 86	25	88¼	88¾	+0⅛	0	12.15
Pennwalt O/S F. 9¾ 84	25	91⅛	91⅞	−0⅞	−1	12.35
Pepsico Cap. 9¾ 84	100	91⅝	92⅛	+0¼	−0⅛	11.85
Quebec Hydro 10 99	75	82⅞	83⅜	+0⅛	−2⅞	12.31
Sears Roebuck 9 82	150	93⅞	94⅜	+0⅛	−0⅞	12.39
Statoil 9⅞ 89	100	86⅞	87⅞	+0⅛	−2	12.04
Sweden 9¾ 89	100	86⅛	86⅝	0	−2	12.24
Sweden 9½ 86	200	90⅛	90⅝	+0⅛	−0⅛	12.06
Sweden 9⅞ 84	100	92⅛	92⅝	+0⅛	−1	11.98
Unilever NV 9¼ 87	100	87¼	87¾	+0⅛	−1	11.84
Warner-Lambert 9 84	100	90¾	91¼	0	−0⅛	11.68

Average price changes... On day +0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	98	98½	+0¼	+0¼	8.30
Argentina 7½ 89	150	90⅞	91⅝	−0⅞	−1¼	8.82
Asian Dev. Bk. 7⅜ 89	100	92⅝	93⅛	+0⅛	−0⅜	8.33
Barclays O'seas 6¾ 89	100	91¼	92¼	0	−1	8.04
Brazil 8 87	150	94⅝	95⅛	0	−1	8.92
CECA 7 91	150	93⅜	93⅞	+0¼	−0¼	7.89
Council of Eur. 7¼ 89	100	94⅜	95⅛	−0⅛	−0⅛	8.07
EEC 7⅞ 94	225	97⅜	98⅛	−0⅛	−0⅛	8.12
EIB 7½ 89	200	97	97⅜	+0⅛	−0⅛	[illegible]
Finland, Rep. of 8 86	150	99	99½	+0⅛	[illegible]	8.12
Kobe, City of 7⅜ 89	150	96⅜	97½	+0¼	−0⅛	7.55
Mitsubishi Chem. 6½ 84	70	96⅜	97⅛	+0⅛	+0½	7.33
Neder. Gasunie 8 86	100	102½	103	+0⅛	0	7.47
New Zealand 7⅜ 87	200	96	96⅝	0	−0⅞	7.78
Nippon Kokan 6½ 84	100	94½	95⅛	+0¼	0	8.01
Nippon Tel. & T. 5¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 7½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 8 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 6 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 7¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. Pwr. 6¼ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 6¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5.6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aumar 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 3¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen, City of 4¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BMW Overseas 4½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Caisse Nat. Tele. 4¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 3¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen 4¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Eur. 3¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4½ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elet. de France 4½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 4½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hilti 4½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. NV 3¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 4¾ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 4¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Bank 4¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 4½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 3¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 4¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 4½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shikoku El. Pwr. 4¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 4 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 4¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine 4¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6.8 88	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7¾ 89	12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6.8 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6.8 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¼ 86 C$	25	87⅞	88⅝	0	0	13.06
Bell Canada 10¼ 86 C$	60	92	92½	0	−0⅞	[illegible]
Cr. Foncier 10⅛ 84 C$	30	90⅜	91	+0½	0	13.16
Ex. Dev. Cpn. 10 84 C$	50	91⅞	92⅝	0	−0½	12.43
Fst. Can. Inv. 10 84 C$	50	90⅜	90⅞	−0⅛	−0½	12.97
Hudson Bay 10½ 89 C$	60	88⅝	89⅛	−0⅛	−1⅛	12.58
Quebec 10⅛ 86 C$	50	90⅞	91	−0⅛	−0½	12.48
R. Bk. Canada 10 86 C$	40	90⅞	91⅜	−0⅛	−0⅜	12.06
R. Bk. Canada 10 84 C$	40	84⅞	85⅞	+0⅛	−0¼	12.28
Copenhagen 8¾ 91 EUA	20	98⅜	99¼	0	0	8.84
M. Bk. Dnmk. 9 91 EUA	25	†95¼	96⅜	−0⅛	+0¼	9.53
SOFTE 8¾ 89 EUA	40	88½	89½	0	−0⅜	10.13
Algemene Bk. 8¾ 84 Fl	75	97½	98	+0⅛	0	8.84
Amev 8½ 86 Fl	75	97⅝	98⅛	+0⅛	−0¼	8.92
Ned. Middbk. 8¼ 84 Fl	75	96⅜	97¼	0	+0⅛	9.13
Norway 8⅜ 84 Fl	100	96	96½	0	−0⅛	9.37
Norway 8⅜ 84 Fl	100	96	96½	0	0	9.25
Rabobank 9 84 Fl	25	101¼	101⅞	+0⅛	+0½	8.82
Air France 11 84 FFr	120	97⅞	98⅜	0	+0⅛	11.47
Euratom 9⅞ 87 FFr	150	85⅝	86⅝	0	0	12.74
Finland 11 84 FFr	80	95	96	0	−0⅛	12.27
Finland 11½ 89 FFr	70	94⅜	95⅛	+0¼	+0¼	12.41
Gaz de France 11 84 FFr	150	97⅛	98⅛	0	0	11.65
IBM France 11⅞ 84 FFr	120	96½	97¼	−0⅛	−0⅛	12.75
Renault 9¾ 85 FFr	100	88⅜	89⅝	0	0	12.59
Saint-Gobain 9¾ 86 FFr	130	85½	86½	0	+0¼	13.12
Solvay et Cie 9¾ 87 FFr	125	83¼	84⅛	0	+0¼	13.37
Total Oil 9¾ 87 FFr	150	82⅞	83⅞	−0⅛	−0⅛	13.08
EIB 11½ 91 £	25	87⅛	88¼	+0⅛	+0⅜	13.67
Finance for Ind. 13 91 £	15	96⅛	96⅞	+0½	−0¼	13.61
Fin. for Ind. 12½ 89 £	30	94¼	95	0	−0½	13.50
Gen. Elec. Co. 12¼ 89 £	50	94⅜	95¼	−0⅛	−0⅜	13.51
Indonesia 8⅜ 91 KD	7	†92⅞	93⅜	−0⅛	−0⅛	9.76
Mitsubishi 7½ 84 KD	10	†95⅜	95⅞	0	0	8.69
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.51
Occidental 8¼ 91 KD	7	†90¼	90¾	0	0	9.65
Akzo 9¾ 87 LuxFr	500	94⅞	95⅞	0	0	10.12
Euratom 8 87 LuxFr	500	90⅞	91⅞	−0⅛	0	9.72
Euratom 9¾ 88 LuxFr	500	99⅛	100⅛	0	−0⅛	9.82
Oslo, City of 8 89 LuxFr	500	90½	91½	0	+0¼	9.50
Volvo 9¾ 87 LuxFr	500	97⅞	98⅞	0	−0⅛	10.05

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98⅛	2/7	15¼	15.41
Banco di Roma Int. 6 87	0½	99⅝	100⅛	26/4	15½	15.77
Banco Urquijo 6 86	0¼	97⅞	97⅞	21/3	13⅛	13.70
Bank of Ireland 5¾ 89	‡0¼	97¼	97⅜	21/2	15.69	16.09
Bank of Tokyo 5¾ 89	‡0¼	97½	98	25/1	16.19	16.56
Barclays O/S Inv. 5 90	0¼	97¼	97⅞	13/6	14¼	14.62
Bergen Bk. A/S 6 89	‡0¼	96½	97	29/2	14.31	14.79
Bque. Indo Suez 5¾ 89	0⅜	98⅛	98⅝	11/7	14.69	14.93
Citicorp O/S F. 6 94	‡0¼	98⅜	99⅛	8/3	14.44	14.60
Citicorp O/S F. 83	§‡0	99⅞	100⅛	23/2	15⅛	15.14
Citicorp O/S F. 84	‡0	99⅝	99⅞	29/2	15	15.08
Co-operative Bk. 6 86	0¼	97⅝	98⅛	15/5	15.06	15.37
Creditanstalt 5½ 91	§‡0¼	97⅞	98⅜	14/3	14⅞	15.16
CNT 5¾ 86	§0¼	99⅝	99⅞	18/4	15.19	15.24
GZB 5½ 89	‡0¼	98⅜	98⅞	1/2	16.19	16.41
Jugobanka 8 89	0⅝	92½	92⅞	23/5	16	17.30
Ind. Bank Japan 5¼ 87	0¼	97½	97⅜	15/4	14¼	14.63
LTCB Japan 5¾ 86	0¼	97⅞	97⅞	13/6	14¼	14.60
LTCB Japan 5½ 89	0¼	97¼	97⅝	7/6	14.19	14.57
Mfrs. Han. O/S 5¾ 94	‡0¼	98½	99	29/2	13.81	13.99
Midland Intl. Fin. 5 89	0¼	99⅝	100¼	20/6	15	15.02
Nacional Fin. 6¼ 86	0¼	97⅜	98⅛	25/1	11½	11.73
Nat. West. 5¼ 94	§0¼	97⅞	98⅜	11/4	14.94	15.23
Nippon Cred. Bk. 6½ 86	0¼	97¼	97⅜	12/7	14.44	14.81
Royal Bk. Scot. 5¼ 94	§‡0¼	98⅛	98⅝	11/4	14⅜	14.55
Soc. C. de Bque. 6 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sogenal 5¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sundsvalls 6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TVO Pwr. 5 91 (D-lock)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Williams & Glyn 5¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. E. d'Alg. 6¾ 89 SF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes...On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	102	103	−1	−10.80
Alco Int. Fin. 9¾ 94	1/80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Optical 7 94	11/79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 6¾ 94	6/79	570	[illegible]	[illegible]	[illegible]	[illegible]
Ciba-Geigy O/S F. 4 94	9/79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Suisse 4¾ 93	10/78	1325	[illegible]	[illegible]	[illegible]	[illegible]
Daiei Inc. 6⅜ 94	11/79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 4½ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor 5½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LPC International 8 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Moldensha Elec. 7 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Cp. 6¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Seiko 7½ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nitto Elec. Ind. 6 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toshiba Cpn. 6¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bk. Switz. 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 5 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Elec. 5 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Ld. Cp. 4 86 DM	4/79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Uny Co. 6¼ 85 DM	11/78	1071	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Rights issue as earnings rise at Landis and Gyr

BY JOHN WICKS IN ZURICH

SWISS electrical engineer Landis and Gyr is to raise around SwFr 10.9m ($6.75m) by a rights issue, and plans to pay an unchanged 10 per cent dividend for the year ended September 1979.

The rights issue is to be a one-for-12 at par. Landis raised funds by way of rights in 1979 and 1978. At the same time, 25,000 new priority participation certificates (nominal value SwFr 160) are to be taken over by the company's welfare fund and offered to employees.

Results for 1979 show a 4.6 per cent rise in turnover to SwFr 1.03bn ($644.3m) and a rise of 10 per cent in orders received to SwFr 1.08bn ($674.3m). Cash flow is reported to have risen by 8.4 per cent to SwFr 114m last year and total earnings by as much as 22.5 per cent to SwFr 58.7m.

Landis, whose orders in air-conditioning equipment last year rose sharply, was hampered by the strength of the Swiss franc exchange rate. Turnover rose by some 10 per cent

* * *

SWISS BANK Corporation is to float a SwFr 100m bond on the domestic capital market from next Tuesday. In strict contrast to customary practice, coupon, maturity and price of teh issue will be fixed on the first day of the subscription period.

The capital market in Switzerland has been unsettled for some time against a background of mounting international uncertainty and interest rates. A reflection of the latter is the way the big banks have increased rates for three to 12-month deposits by 0.25 per cent to 5 per cent. This brings the rates up to their highest level in five years.

THE SWISS mortgage rate is to be raised by 0.5 per cent this move, which has been awaited for some months in view of the general rises in interest rates, is heralded by an announcement by the market leader, Zurich Cantonal Bank, of a rise from 4 to 4.5 per cent for first mortgages and for loans to public authorities and co-operatives. The increase will take place on April 1 for new business, and on May 1 for existing mortgages and loans.

The rise, which will be followed by the rest of the banks, goes hand in hand with a similar 0.5 per cent increase on April 1 in rates of interest on savings accounts. The big banks have announced that they will introduce this same increase, with a rise in mortgage rates at the same time as the Zurich Cantonal Bank.

Profits at Astra in line with forecast

By William Dullforce in Stockho.

SWEDISH pharmaceuticals group, Astra, reports pre-tax earnings of around SKr 150m ($36.1m) on sales of SKr 1.9bn for 1979. Both figures are in line with the management's forecast in the eight-month interim report.

The board will propose a dividend when the final figures are anounced in March. The prospectus for last year's new share issue promised shareholders a 10 per cent return or SKr 5 a share. The 1978 dividend was SKr 6 a share, equivalent to SKr 4 adjusted for the new share issue.

In 1978 Astra returned a pre-tax profit of SKr 137m on a turnover of just over Skr 2bn, but last year it sold its non-pharmaceutical subsidiaries and abandoned the Ciba-Geigy agency for the Nordic countries.

After adjusting for these disposals the 1979 figures show increases of 17 per cent in sales and 21 per cent in pre-tax earnings. Profit margins have improved from 6.7 to 8 per cent.

Astra will also record extraordinary income of around SKr 20m from property and company sales. These, together with last year's SKr 108m new share isuse, have substantially reinforced the company's financial position. Liquid assets held at the end of the year amounted to more than SKr 300m, against SKr 164m a year earlier, and the equity-to-debt ratio has improved from 33 to around 42 per cent.

With this cash in hand the management proposes to raise research and development spending by over 20 per cent to more than SKr 300m this year. It has several promising new products under development. Investment in plant and equipment totalled SKr 140m last year

Despite the increased development spending, the management expects to raise pre-tax earnings to SKr 165m-175m this year, while the target for sales is between SKr 1.97bn and SKr 2.02bn.

Astra's concentration means that 96 per cent of its sales will now come from pharmaceuticals. The company's growth is being effected largely outside Sweden. While domestic sales only kept pace with the growth in the overall market last year, foreign sales climbed by 22 per cent and accounted for 71 per cent of total turnover. Sales of the new beta-blocker drug, Seloken, rose by 60 per cent to SKr 240m.

Esso AG to raise capital spending sharply in 1980

BY KEVIN DONE IN FRANKFURT

ESSO, the West German subsidiary of Exxon, the giant U.S. oil company, is planning capital expenditure of some DM 600m in the Federal Republic in 1980, an increase of more than a third over 1979.

About 40 per cent of the total will be spent on oil and gas exploration and development onshore in West Germany. In a joint venture with Shell, Esso is the most important domestic producer of crude oil and gas in West Germany. In 1978 it produced a total of 6bn cubic metres of natural gas and 700,000 tonnes of crude oil.

West German domestic production of oil and gas makes only a small contribution to its total needs. Crude oil production in 1978 totalled just over 5m tonnes and natural gas production amounted to 18.8bn cubic metres.

The other major portion of investment this year will be devoted to Esso's "downstream" oil business, in modernising refineries and restructuring the company's chain of service stations.

At present it has a network of 3,054 petrol stations around the country, and Esso is in the process of converting a greater number to self-service stations.

The remaining 30 per cent of the investment programme will cover Esso's chemicals and uranium exploration activities. The search for domestic uranium deposits in West Germany has been under way for about three years and Esso has made the first interesting find in Bavaria, east of Nuremberg. This year it is planning to sink a shaft at the site to test the commercial potential of the find.

West Germany will account for about 16 per cent of Exxon's spending in Western Europe this year.

Deutsche Shell, the West German subsidiary of the Royal Dutch/Shell group, expects to report a profit of DM 250m-300m for 1979, compared with DM 210m in 1978, Dr. Wilhelm von Ilsemann, chief executive of Deutsche Shell, said this week.

The group's oil business was forced into the red in the last quarter of the year, after operating profitably in the first nine months of the year, because of the sharp rise in crude oil prices.

In the first quarter of this year its crude oil purchases are costing on average DM 420 per tonne (DM 460 per tonne when spot purchases are included) compared with DM 242 per tonne in the first half of last year.

Foreign loan exposure to be monitored by Bank

BY NICHOLAS COLCHESTER

THE Bank of England is now in the process of compiling the loan exposure of UK banks to foreign countries at the end of 1979. This exercise will provide the Bank of England with its first consolidated picture of the "country risk" of all the international dependencies of each bank with a head office in the UK.

This monitoring will take place henceforth on a six-monthly basis. It reflects the Bank's increasing emphasis on bank supervision which derives partly from the Bank's new statutory responsibilities under the Banking Act and partly from the concerted move by Western central banks towards more rigorous surveillance of international bank lending. The banking supervisory authorities in other developed countries either have instituted, or will be instituting, similar monitoring of consolidated country risk, thus contributing to an overall picture of the exposure of all banking groups.

In parallel to the monitoring of country risk, the Bank is also developing more formal guidelines for various aspects of the balance sheets of UK banks. A consultative paper on "capital adequacy," which has been under discussion for some time, is now said to be virtually in its final form. This will give guidance as to how much capital is required to back a given bank's loans and liabilities.

Two further papers on "liquidity" and on "foreign exchange exposure" have also been circulated among UK banks for discussion. The first will give guidance as to what proportion of a given bank's assets should be quickly realisable to meet sudden withdrawal of deposits. The second should ensure that the foreign exchange position of a given bank does not become disproportionate to that bank's size.

Unlike the country risk exercise these evolving guidelines will apply to all banks registered in the UK, whether head offices or not.

All these steps coincide with the emergence of bank supervision as one of the most important activities of the Bank of England: in the recent reorganisation of the central bank's structure, "financial structure and supervision" was designated as one of three main areas of the Bank's operations.

Fiat sets 1981 date for consolidating accounts

BY PAUL BETTS IN ROME

FIAT, Italy's largest private enterprise, will consolidate its balance sheets and audit them according to international standards from 1981, the Turin-based company confirmed yesterday.

The fact that Fiat, with a group turnover of more than L15,000bn ($18.5bn) last year, has so far not consolidated its balance sheets has been the source of some curiosity and controversy here.

But the group claimed yesterday that the delay in consolidation and independent auditing was the result of technical difficulties posed by the wide diversification of the group's interests overseas. Further delays had been caused by the protracted introduction of Italian fiscal legislation requiring Italian company balance sheets to be independently audited.

From 1981, Fiat's balance-sheets are to be audited by the U.S. firm, Arthur Andersen.

Consolidation of the balance-sheets will also effectively mark the final act in the group's ambitious reorganisation programme, which has already taken nearly 10 years and now sees a single parent company, Fiat SpA, controlling 11 separate operating companies.

Indeed, the top management reorganisation of the parent company is still continuing. In this respect, Sig. Nicola Tufarelli stepped down this week as managing director of the Fiat parent company to concentrate on the group's overall international activities.

Sig. Tufarelli, who remains on the Fiat board, was appointed one of three managing directors of Fiat SpA during the company's reorganisation last year. The other managing directors are Sig. Umberto Agnelli, brother of Sig. Giovanni Agnelli, the Fiat chairman, and Sig. Cesare Romiti, who is largely responsible for finance.

Counter-bid in French retail industry battle

BY DAVID WHITE IN PARIS

ANOTHER BOURSE battle has begun in the French retail sector where companies are vying for position in an industry move towards greater concentration.

The battle over La Ruche Picarde a food store group based in the North of France, comes just two months after the conclusion of a fierce, five-week-long contest over the Paris-France shopping chain.

In the case of Paris-France, the Au Printemps group, which made the original offer, eventually withdrew from the field after being repeatedly outbid by a smaller concern, Radar, which managed to secure the support of Paris-France's directors.

At the end of December, Docks de France, a chain with a 1979 turnover of FFr 8.48bn ($2.1bn), announced plans to absorb the smaller La Ruche Picarde. The deal would create one of the biggest food distribution networks in France.

The two companies' hypermarkets would account for about two-thirds of their joint sales, which are estimated at FFr 11.5bn for last year, and together would form a nationwide chain.

However, a FFr 371m counter-bid which had been expected on the Bourse for several days, has been announced by a company called Societe de Participations Immobilierese et Commerciales. This is a holding unit attached to a group which, like La Ruche Picarde, is family-controlled and Northern-based.

Working through Lazard Freres, the merchant bank, the group has offered FFr 550 a share for at least 51 per cent of the 675,000 shares in La Ruche Picarde. This compares with a FFr 480 evaluation in Docks de France's more complex offer, which involved an exchange of shares against convertible bonds plus a cash payment.

The last quoted price for La Ruche Picarde on the Lille bourse was FFr 450. Curiously, however, La Duche Picarde's board, which controls 56 per cent of the stock, has spoken in favour of the original bid.

Higher sales for Finnish pulp group

By Lance Keyworth in Helsinki

SCHAUMAN GROUP, one of the largest integrated forest industry companies in Finland, reports a 31 per cent increase in net sales to FM 1.42bn ($386m) for 1979. Turnover of the parent company, With. Schauman, rose by 35 per cent to FM 1.21 bn.

The chemical pulp division, with net sales of FM 643m, accounted for half of the company's total turnover. But the division with the greatest relative increase was sawmilling, which increased sales by 56.6 per cent to FM 115m.

Malaysian Oxygen growth

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN Oxygen Berhad, the company formed by the merger last year of the British and French oxygen companies in Malaysia, is expanding its production facilities.

Some 10.5m ringgit was invested in 1979 on plant expansion, including the installation of a new air separation plant—the largest in south-east Asia—for the production of argon gas. The expansion will make Malaysia Oxygen one of the biggest industrial gas companies in the Far East.

According to the company, the new facilities will not only increase production but will improve on the use of electricity, which is the biggest single cost component.

For 1979, Malaysian Oxygen made a trading profit of 6.3m ringgit ($2.89m) on sales of 43m ringgit. The 1978 profit and sales were 5.9m ringgit and 37m ringgit respectively.

Net D-Mark debt cut

FRANKFURT — Net funds raised on the West German capital market were in deficit by DM 1.99bn in December, down sharply from the gain of DM 6.13bn posted in November, according to the Bundesbank.

Net funds raised on the German capital markets for the whole of 1979 totalled DM 42.1bn, down from DM 44.6bn in 1978 and from DM 50.5bn in 1977. Total funds raised in 1979 were DM 106.5bn and redemptions totalled DM 64.4bn, considerably higher in each case than the readings for 1978.

The central bank noted that net fund raising in December was at a low level partly because of the fact that credit-issuing institutions redeemed nearly DM 2.3bn from their own stocks. Analysts noted that such redemptions play a greater role as the end of the year approaches and added that the figure for net funds raised in December would have posted a surplus of DM 300m rather than the deficit if this seasonal movement of funds had not been included. AP-DJ

Japanese see increase in OPEC investment interest

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

MEMBERS of the Organisation of Petroleum Exporting Countries (OPEC) which have shown little or no interest in acquiring yen-dominated assets since the start of the so-called second oil crisis, could be about to change their tune, according to some Japanese analysts.

OPEC investments in Japan (in the form of bank deposits, bonds and equities) are thought to have stood at almost exactly the same level at the end of 1979 as they did a year earlier. This is despite a sharp increase in OPEC surpluses from higher oil prices. It is also in contrast to the pattern of events after the first (1973) oil crisis when Japan benefited from a big inflow of OPEC money.

Factors discouraging OPEC countries from putting money into Japan in 1979 undoubtedly included the sharp decline in the value of the yen against the dollar. A recovery of the yen might make Japana much more attractive destination for OPEC funds, but Japan, say the analysts, is unlikely to be deluged with OPEC money in the near future.

One reason for this is that massive conversion of dollar-denominated OPEC assests into yen could undermine the value of the dollar and thus affect the value of remaining dollar-denominated OPEC assets.

According to current estimates, oil exporting countries have about Y1,000bn ($4.2bn) deposited with Japanese commercial banks, in the form of time deposits and certificates of deposit. They also hold an estimated 10 per cent of the roughly $8bn-worth of Japanese equities held by foreigners, and at least one-third of foreign investments in Japanese bonds, the total of which may exceed $16bn.

These figures have not varied greatly in the recent past, but two recent developments suggest that OPEC interest in Japanese investments might be reviving. One is increased activity by Kuwait in the purchase of shares in blue-chip Japanese companies. The other is the rumoured acquisition by the Saudi Arabian Monetary Authority of some Y50bn-worth of Japanese Government bonds.

Kuwait's investment activities in Japan have been easy to document, since it invests under its own name rather than through nominees as has been the case with most other oil exporting nations. Saudi Arabia's bond purchases are thought to have been made through the Bank of Japan and have therefore not been made public.

Another oil exporting nation which seems to have become active recently as an equity investor in Japan is Brunei, which has placed orders through the Crown Agents. Abu Dhabi has also signalled its interest in Japan by adding a Japanese fund manager to managers previously recruited from UK merchant banks.

Oil exporting countries are believed to have between 5 and 20 per cent of their assets invested in yen at present. In general these ratios do not match the relative importance of Japan vis-a-vis the U.S. and European countries as an investment medium. Japan ranks far behind the UK as a destination for OPEC investments, but could prove to be an attractive alternative. The Japanese authorities appear less averse to admitting OPEC funds than the Swiss or German authorities.

$300m loan for San Miguel

BY OUR HONG KONG CORRESPONDENT

SAN MIGUEL CORPORATION, the Philippines-based brewery group, has signed a US$300m syndicated bank loan to finance the expansion of its manufacturing and distribution facilities in the Philippines.

The loan, which was signed in Hong Kong, has a maturity of 12¼ years, which reflects the fact that the Philippine Central Bank has been putting pressure on all borrowers in the country to secure loan tenures beyond 12 years. This avoids the borrowing quota which the International Monetary Fund has imposed on all loans of one to 12 years by countries accepting IMF conditionality in return for financial aid.

The San Miguel loan has a five-year grace period and carries a 0.75 per cent spread over the London inter-bank offered rate (Libor) for the first six years and 0.875 per cent for the remaining period. This represents a compromise between the rate San Miguel originally wanted, and what the lending banks were prepared to offer.

The proceeds of the loan will be drawn down over the next three-and-a-half years to finance the expansion of San Miguel's manufacturing and distribution facilities in the Philippines. This particularly covers beverages, feeds and poultry, dairy and container operations. San Miguel is also expanding its activities in the agricultural and export fields, and has investments in a wide range of enterprises both in the *Philippines and overseas.*

Lead banks to the loan were Bankamerica International Group, Bank of Montreal (Asia), Bank of Nova Scotia, Dresdner Bank (South-East Asia), First Chicago Asia Merchant Bank, Lloyds Bank International, and Manufacturers Hanover Asia. Apart from the lead management group, the loan syndicate consisted of 16 international banks.

Hambro sale sparks row in Sydney market

By John Rogers in Sydney

TRADING in the securities of Australian Finance and Securities (AFS) was temporarily suspended by the Sydney Stock Exchange yesterday after it was revealed that the company's biggest shareholder, the UK-owned merchant bank Hambro Australia, had sold a subsidiary company holding its 34 per cent stake to the New Zealand finance house Marac Holdings for an undisclosed sum.

The exchange contacted the parties involved and requested that they abide by the new January 1 listing requirements, which state that an offer must be made for the remainder of the capital when a stake of over 20 per cent of any company changes hands. The exchange was told by Hambro and Marac that the purchase was within the guidelines set down by the Federal Government's Foreign Investment Review Board covering one foreign company buying shares in another.

The exchange committee issued a statement instructing Marac to honour the spirit of the new listing requirements and make a similar offer to the minority shareholders. Alternatively, it suggested that the deal be called off or that Marac reduce its stake below the 20 per cent threshold level.

Marac replied that after consulting its legal advisers, it had been told that "the acquisition of a non-listed company, which in turn owns a substantial shareholding in a listed company (as opposed to a direct acquisition of shares in a listed company) is not prohibited by the new listing requirements."

All AFS could do was to ask the exchange to lift the suspension, as the transaction was outside the control of the company.

Cleckheaton sale dropped

By Our Sydney Correspondent

MR. ABRAHAM GOLDBERG, the Melbourne businessman, has abandoned his plan to sell the Cleckheaton *textile interests* to his latest acquisition, the Sydney-based Entrad group.

Mr. Goldberg currently owns 76 per cent of Entrad, and has undertaken to stand in the sharemarket—after some prompting from the Sydney Stock Exchange—and bid for the rest at 98 cents a share.

Yesterday's announcement, however, means that the mystery buyer (or buyers) who recently countered Mr. Goldberg's offer at prices of up to A$1.05, has now accumulated just on 10 per cent of Entrad, making it extremely difficult for the Cleckheaton purchase to be passed by the minority shareholders at an extraordinary meeting.

Under the stock exchange listing requirements, Mr. Goldberg, who built up his stake in Entrad after buying out the 41 per cent held by the Union Bank of Switzerland, cannot vote his shares. The mystery buyer's 10 per cent stake, therefore, would be sufficient to block Mr. Goldberg's aspirations.

First issue of Chinese bonds since 1949

By Anthony Rowley in Hong Kong

BONDS denominated in renmimbi, the Chinese currency, are to be issued by Fujian, one of two provinces chosen to spearhead China's modernisation drive. The Bonds will be issued in Hong Kong as well as in China. Limited though this issue is likely to be, in size and in circulation, it will nevertheless be the first issue of China bonds to the outside world since the founding of the People's Republic in 1949.

The proposed issue is more important for its implications than its size. Lawyers are already musing upon whether the issue could trigger cross-default clauses, because of the still sizeable (although unquantified) volume of outstanding bond debt upon which Chinese imperial and pre-revolutionary governments and entities have defaulted. And bond dealers are wondering how the development will affect the now *booming* collector/investor market in these defunct debt instruments, or "busted bonds."

Not that issues like these appear likely to upset the plans of Fujian — one of China's most go-ahead and autonomous provinces—which is hungry for foreign capital to finance its export-oriented industrialisation drive. The province's deputy governor, Mr. Zhang Yi, who is also president of the Fujian Investment and Enterprise Corporation, said that the repayment of former Chinese governments' debts were "matters for the central government."

Fujian's new bonds will be guaranteed by the provincial authorities, not by the Bank of China, which will be acting as agent for the issue both in Fujian province and, if current negotiations with the bank's headquarters in Peking do not throw up any unexpected hitch, in Hong Kong as well. This is significant, because foreign institutional investors, including securities houses in Hong Kong and merchant banks in London, have said that they would be wary of any new Chinese debt which did not carry an explicit guarantee from the Bank of China.

The proceeds of the bond issue will be used in fancing light industrial develompent in Fujian, Mr. Zhand said, but thetotal amount to be issued has not yet been decided. "The amount will depend upon what the provincial government feels it can safely guarantee," he said, and added that this would be the test each time a new issue was made.

Three types of bond will be issued — eigth-year, 10-year and 12-year. Interest will be at a fixed rate (payable once annually) of 8 per cent on the 12-year bonds, 7 per cent on the 10-year ones and 6 per cent in the case of the eight-year bonds.

Fujian's bonds will be aimed principally at overseas Chinese in Hong Kong and South-East Asia, although "foreigners" who "have confidence in them are welcome to hold them," Mr. Zhang said.

Mr. Zhang added that Fujian had no plans at present to issue bonds in currencies other than the Renminbi,

Some observers expect to see a similar issue out of Guangdong province, the other province which is spearheading China's modernisation drive and which is also competing keenly for foreign capital and investment. They *speculate* that these could contain even more innovative features, to vie with Fujian's bonds. And it is always possible that, having availed itself already of sizeable "soft" loans and Export-Import Bank credits from Japan and Europe, as well as a syndicated bank loan from Middle Eastern Banks, Peking itself might launch a major bond one day.

Before embarking upon such a course, which could lead it into an international legal tangle, it is possible that the Peking Government might decide to redeem the outstanding debts of its predecessors—or so investors speculate. They reason that it would *be a relatively cheap exercise* for Peking, because perhaps half of the outstanding Chinese bonds issued to foreigners have been destroyed by individual holders who lost hope, or by banks who found them a nuisance to store after interest and principal repayments ceased altogether around 1939. Many of the remaining issues—some of which are still quoted on the London Stock Exchange—are now standing at above their par value among collectors, so they are unikely to be submitted for redemption

Peking could thus regain a good deal of goodwill among international investors without having to pay much in return. Collectors, however, do not seem too keen on the idea. "A redemption offer could be the worst thing that could happen to the bond market," said one agent who makes a market in Chinese bonds in Hong Kong on behalf of the London dealer, Stanley Gibbons.

ENERGY REVIEW BY PAUL LENDVAI

Poor Hungary chooses coal and nuclear power

WHATEVER their propaganda line about the economic and energy crises of the capitalist world, the Communist regimes of eastern Europe are facing the same energy problems. There is a difference, however, in the degree of candour which in each case reflects both the underlying energy situation and the political style in the country concerned. Hungary has the distinction of being one of the poorest eastern bloc countries in terms of resources yet perhaps the most outspoken as far as economic and fuel problems are concerned.

Proof of unprecedented frankness for a communist party dictatorship came with a lengthy front-page article with the provocative headline—"Do We Need Nuclear Power At All?" in the elite cultural weekly Elet Es Irodalom (Life and Literature) in June 1979. The article was fully in favour of atomic energy but drew attention to the fact that the Hungarian public was concerned about the dangers involved in building a nuclear plant on the Danube at the city of Paks.

Any view of the country's medium and long term energy programme should be seen in the context of Hungary's extremely vulnerable position in the field of available reserves. The economic weekly Figyelo suggested the drawing of an imaginary circle around Hungary with a radius of some 300 miles and comparing Hungary's natural wealth to that of the 11 other countries within the circle. Excluding the Soviet Union which through its sheer weight would dramatically exaggerate any comparisons, the survey found that in terms of fuels Hungary was six times poorer than the average of the neighbouring or not too distant countries. In ores it was 11 times poorer and in those of the most important industrial minerals five times. Taking the combined total of minerals per head, Hungary takes the eighth place among the 11 states, followed only by Austria, East Germany and Italy. Apart from bauxite, Hungary has no natural wealth worth speaking of. With-

By 1975 imports were needed to provide half of the country's energy consumption. As a member of Comecon and relying in the 1970s on Soviet crude oil and natural gas to cover 85 to 90 per cent of domestic demands, Hungary has never had much room for an independent energy policy.

The ups and downs of Hungary's nuclear programme reflect the dangers of excessive dependence on Soviet supplies. As everybody agreed that Hungary would be unable to satisfy the rapidly growing demand for energy, a Hungarian-Soviet *nuclear agreement was signed in* 1966. It envisaged the building of a nuclear plant based on the Soviet-designed Voronezh-type nuclear reactor with a capacity of 880MW. The plant at Paks on the Danube, about 70 miles south of Budapest should have gone into operation in 1975. Work on the site began at hectic pace in 1969 only to peter out towards the end of the same year.

After a long period of embarrassed silence, the then Minister of Heavy Industry revealed in December, 1970, that the project had not been abandoned but delayed by five years. Meanwhile, the planners had concluded that in view of "larger than expected hydrocarbon supplies," it would be cheaper to build conventional power plants based on hydrocarbons. Two major oil refineries at Szazhalombatta and Leninvaros were built with a current refining capacity of 7.4m and 1.8m tons respectively.

From 1965 to 1975 the consumption of crude oil trebled and the proportion of hydrocarbons in terms of the basic sources of energy was rising rapidly from 28.3 per cent in 1965 to 43 per cent in 1970, 57 per cent in 1975 and an estimated 63.4 per cent this year. The details show that during the same period the share of natural gas jumped from 6.3 per cent in 1965 to 25.3 per cent this year. Between 1960-1980 the share of crude oil almost doubled to 38.1 per cent of a much larger total. Hungary's oil imports from Russia rose from 3.9m tons in 1970 to 8.5m tons this year. The *Soviet Union will also supply* 2m tons of petrol and gas oil this year, 500,000 tons up on the 1979 levels.

However, the moment of truth came in early 1972 when the Soviet leadership told a Hungarian delegation headed by the then Premier Jeno Fock that they could give no long-term oil delivery commitments.

This marked the beginning of an agonising reappraisal of Hungary's energy position. The oil price explosion in the wake of the 1973 Middle East war only gave a further powerful impetus.

This is the background to the re-emergence of the Paks nuclear project 1972 and the resumption of construction in 1974. Like other eastern European countries poor in resources, Hungary has been doubly hit by the world energy crisis: on the one hand it has to pay more and more for Soviet oil and on the other the Soviets bluntly *told the Hungarians (as the* rest of the bloc) that they can only fractionally increase their shipments of crude oil and gas.

As a result Hungary's refinery capacity is far too large for the current and foreseeable level of Soviet crude supplies. The new refinery complex at Leninvaros for example has a capacity of 3m tons a year and is going on stream in mid-1980. But as admitted recently by the party paper Nepszabadsag, capacity exceeds actual domestic demand. *Thus currently Hungary is pro*cessing 1m tons of crude oil less than originally targeted in the current (1976-80) five-year plan. With regard to natural gas.

As noted recently by Professor Ivan Berend, one of the country's top economists in the Tarsadalmi Szemle, the party's theoretical monthly, "only a vigorous cut in the imports of fuel and raw materials could bring a quick remedy," for the problems caused by the overall economic imbalance.

As a first step the price of coal and heating oil was steeply increased last summer for private consumers. From this year industrial consumers must pay 59 per cent more for natural gas, 64 per cent more for coal and 73 per cent more for oil. At the same time fuel consumption should rise annually only by 3 per cent to 4.5 per cent. Demand for electrical energy should not grow by more than 5 per cent annually. Rationalisation, improved technology and modernisation should help to save the equivalent of 1.2m to 1.4m crude oil.

Even if the country manages to increase imports of electrical energy from 4.4bn kWh in 1979 to 7.5bn this year and to 10.4bn in 1990, it needs the output of new conventional thermal and hydroelectric plants and above all of the Paks nuclear plants. The draft energy concept reckons that nuclear power should account for 6.5 per cent of basic energy resources in 1985. It should be recalled that even according to conservative estimates Hungary would need *at the very least the equivalent* of an additional 5m tons of crude in the next five-year plan to cover basic domestic demand. Half of this extra demand should be satisfied by the Paks nuclear plant.

According to the revised concept, published in 1974, the plant should go on stream in 1980 with an initial capacity of 330 MW to be increased by 1984 to 1,760 MW. It is now reckoned that aggregate capacity could be increased to 5,000 MW in the 1990s and that a second plant might be built also on the banks of the Danube. Long term projections put the share of nuclear power by 2000 at half of the total energy demand.

The Paks nuclear plant is the country's single largest investment project. Despite the engagement of 10,000 workers by 50 various state enterprises, there are growing fears of a delay in completion. In addition to the weaknesses in the domestic side—poor co-ordination, inadequate labour discipline, bad organisation—the delay occurred also because the Soviet side in 1974 radically altered the original plans, dating back to 1968 to comply with stricter safety requirements. Thus the task of construction has become "much more complicated" according to a report in the newspapers about the deliberation of Parliament's industrial sub-committee which last summer reviewed the problems of the *Paks* plant on the spot.

But in addition to nuclear power, Hungary has also opted for an all-out increase of coal output. With investments of almost £700m four new pits will be developed and two other mines reconstructed. By 1985 coal output should be increased from 25m tons in 1979 to 27m tons and by 1990 to 31m tons. This was the level reached in 1965 before the shift from solid fuels to hydrocarbons. Coal accounted in 1965 for 68 per cent of domestic energy production, in 1970 for 52.3 per cent, but in 1980 only for 27.6 per cent. However, hard coal accounts currently only for some 3m tons of the total. Domestic crude oil output this year is expected to total 2.1m tons and natural gas output some 6bn cubic metres.

Faced with dwindling reserves and growing demand, Hungary also participates in the vast joint extraction projects of the Comecon in the Soviet Union. It was publicly revealed some time ago that these projects in the 1976-80 period account for 4 per cent of Hungary's total investments and 8 per cent of its centrally-managed investment funds. Together with Poland and Czechoslovakia, Hungary is a partner also in the joint financing of a nuclear plant to be built at an estimated cost of 2.3bn dollars at Khmelnitskiy in the Soviet Ukraine. The agreement was concluded in Moscow in March 1979.

This year imports account for 55.6 per cent of energy consumption and it is hoped that due to the commissioning of the nuclear plant at Paks this proportion will be reduced to 53 per cent by 1985. Thus in the foreseeable future Hungarians will feel the pinch of the energy squeeze, already reflected in the reduction of street lighting and other power cuts imposed last summer and in two petrol price increases *totalling 63 per cent last year.* The scope, therefore, for an independent energy policy is bound to remain limited.

HUNGARY'S ENERGY RESOURCES

(% of Domestic Energy Production)

	1970	1980	1985
Coal	52.3	27.6	24.7
Hydrocarbons oil	30.5	38.1	37.4
Gas	15.3	25.3	21.9
Nuclear energy	—	—	6.5

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Companies and Markets

CURRENCIES, MONEY AND GOLD

Dollar steady

THE DOLLAR and sterling showed little change in quiet foreign exchange trading yesterday. *The pound opened* at \$2.2800-2.2810, and eased to \$2.2750-2.2760, but was steady around \$2.28 for most of the day. In thin trading sterling rose to \$2.2825-2.2835, and showed little sign of weakness until very near the London close, when selling from New York pushed it down to finish at \$2.2780-2.2790, a fall of 5 points on the day. The pound's trade-weighted index, as calculated by the Bank of England rose to 72.1 from 71.8, although this did not reflect sterling's late decline. The index *stood at 72.0 at noon and in the* morning.

The dollar's index, on Bank of England figures, rose to 84.7 from 84.6. The U.S. currency traded within a narrow range against other major currencies, rising to DM 1.7315 from DM 1.7295 against the D-mark, and to SwFr 1.6070 from SwFr 1.6060 in terms of the Swiss franc.

In Ankara it was announced that the Turkish lira has been devalued to TL 70 to the dollar from TL 47.10.

D-MARK — Very strong, but showing a steadier tendency within the European Monetary System recently — The D-mark improved against other members of the EMS, with the exception of the French franc, which rose to DM 42.705 per 100 francs from DM 42.68, and the Italian lira *which was unchanged at the* Frankfurt fixing. There was no sign of support for the dollar in the open market by the Bundesbank, and the German authorities did not interevene at the fixing when the dollar fell *to DM 1.7293 from DM 1.7303. Sterling rose to DM 3.9440 from* DM 3.9360, while the Swiss franc eased to DM 1.0781 from DM 1.0783.

FRENCH FRANC — Strongest member of the EMS since late December — The franc improved against most of its EMS partners at the Paris fixing, although the Italian lira rose slightly. Outside *the EMS, the dollar fell to FFr* 4.0510 from FFr 4.0550 and the Swiss franc to FFr 2.5235 from FFr 2.5258, but the pound rose to FFr 9.2350 from FFr 9.2200.

ITALIAN LIRA — Firmer recently after falling from the top of the EMS last November— The lira improved against most EMS currencies, at the Milan fixing, but the French franc rose slightly to L199.05 from L198.97. Among non-EMS currencies the dollar eased to L806.20 from L806.95, but sterling rose to L1,837.80 from L1,834.50.

BELGIAN FRANC—Generally weakest member of EMS, but resists devaluation—The franc showed mixed changes against its EMS partners, improving against the Irish punt, Dutch guilder, and Danish krone at the Brussels fixing, but declining in terms of the D-Mark, French franc and Italian lira. Outside the EMS the Swiss franc eased to BFr 17.508 from BFr 17.592, and the dollar to BFr 28.105 from BFr 28.115.

DUTCH GUILDER—Firmer in recent weeks, near top of EMS— The guilder lost ground against most EMS currencies, but improved slightly against the lira at the Amsterdam fixing. Among other currencies the dollar fell to Fl 1.9105 from Fl 1.9115, but sterling improved to Fl 4.3570 from Fl 4.3450.

DANISH KRONE—Basically weak, suffering two devaluations since EMS began last March— The krone remained depressed within the EMS, despite a slight improvement at the Copenhagen fixing. It improved against the D-Mark, Dutch guilder, and Italian lira, but lost ground to the French franc, while showing no change against the Irish punt and Belgian franc. The Swedish krona was also unchanged, but the dollar fell to DKr 5.4060 from DKr 5.4115, and sterling rose to DKr 1,231.60 from DKr 1,229.60.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.4879	+1.75	+1.45	±1.53
Danish Krone	7.72336	7.78781	+0.83	+0.53	±1.64
German D-Mark	2.48208	2.49239	+0.42	+0.12	±1.125
French Franc	5.84700	5.83689	−0.17	−0.47	±1.3557
Dutch Guilder	2.74362	2.75203	+0.31	+0.01	±1.512
Irish Punt	0.668201	0.674556	+0.95	+0.65	±1.668
Italian Lira	1157.79	1161.69	+0.34	+0.34	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Can'da Dollar	Belgian Franc
Pound Sterling	1.	2.279	3.950	545.5	9.250	3.668	4.360	1838.	2.639	64.15
U.S. Dollar	0.439	1.	1.734	239.4	4.060	1.610	1.914	806.5	1.158	28.15
Deutschemark	0.253	0.577	1.	138.1	2.342	0.928	1.104	465.2	0.668	16.24
Japanese Yen 1,000	1.833	4.177	7.241	1000.	16.96	6.723	7.993	3368.	4.836	117.6
French Franc 10	1.081	2.463	4.270	589.7	10.	3.965	4.714	1986.	2.852	69.35
Swiss Franc	0.273	0.621	1.077	148.7	2.522	1.	1.189	501.0	0.719	17.49
Dutch Guilder	0.229	0.523	0.906	125.1	2.122	0.841	1.	421.4	0.605	14.71
Italian Lira 1,000	0.544	1.240	2.150	296.9	5.034	1.996	2.373	1000.	1.436	34.91
Canadian Dollar	0.379	0.864	1.497	206.8	3.506	1.390	1.653	696.6	1.	24.32
Belgian Franc 100	1.559	3.552	6.157	850.9	14.42	5.717	6.797	2864.	4.112	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 13.90-14.00 per cent; three months 14.05-14.15 per cent; six months 14.05-14.15 per cent; one year 13.30-13.40 per cent.

Jan. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	n/a	13⅝-13⅞	12½-13½	10⅛-10⅜	1¾-2	8-8¼	11¾-12	19½-27½	—	4¾-10½
7 days' notice	17¾-18¼	13¾-14	12½-13½	10¼-10½	11-12	8⅛-8½	11⅞-12⅛	21½-24	13⅝-13⅞	7⅛-8⅜
Month	17⅞-18¼	14-14¼	13¼-13½	10⅝-10⅞	5⅜-5½	8¼-8⅜	12⅛-12⅜	21½-23¼	14⅛-14⅜	7⅛-8⅜
three months	17⅝-17¾	14¼-14½	13½-13⅞	10⅞-11⅛	5½-5⅝	8⅜-8½	12¾-13	21-22¼	14⅛-14⅜	8⅛-8¼
six months	16½-16⅞	14⅛-14⅜	13⅝-13¾	10⅞-11⅛	5⅝-5⅞	8⅜-8½	13½-13¾	20½-21½	14⅛-14⅜	8⅜-8⅝
one year	15⅞-15⅜	13⅝-13⅞	12⅞-13⅛	10¾-11	5⅞-6⅛	8⅛-8⅜	13½-13¾	20-21	13⅝-13⅞	8⅛-8⅜

Long-term Eurodollar two years 12¼-12½ per cent; three years 12-12¼ per cent; four years 11⅞-12⅛ per cent; five years 11⅞-12 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian, two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

THE POUND SPOT AND FORWARD

Jan. 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 65.75-65.85. Six-month forward dollar 2.30-2.20c pm, 12-month 3.25-3.25c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Jan. 24	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

Jan. 24	Bank of England Index	Morgan Guaranty changes %
[illegible]	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 24	£	$		Note Rates
Malaysia Dollar	4.9800-4.9900	2.1850-2.1860	Portugal	113-124
New Zealand Dlr.	2.3085-2.3145	1.0125-1.0135	Spain	150-157
Saudi Arab. Riyal	7.60-7.70	3.3602-3.3609	Sweden	9.44-9.50
Singapore Dollar	4.8975-4.9075	2.1505-2.1515	Switzerland	3.64½-3.66½
Sth. African Rand	1.8615-1.8640	0.8170-0.8180	United States	2.275-2.285
U. A. E. Dirham	8.47-8.57	3.7410-3.7420	Yugoslavia	48-52

Rate given for Argentina is free rate.

INTERNATIONAL MONEY MARKET

U.S. rates nervous

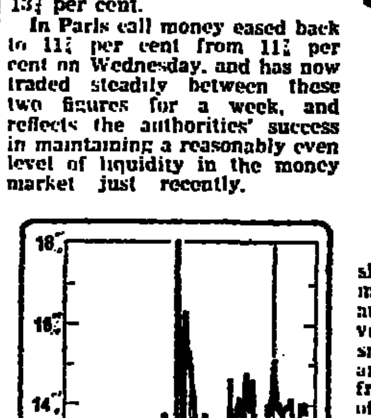
U.S. Treasury bills traded erratically in early trading yesterday, as growing fears of a military involvement in the Middle East cast uncertainty on the size of the U.S. Federal budget and inflation rates. 13-week bills were quoted at 12.06 per cent compared with 11.99 per cent on Wednesday, and 26-week bills stood at 11.76 per cent against 11.69 per cent, but rates showed an easier tendency later in the day. Federal funds were trading at 13¾-14 per cent but eased back to around 13¾ per cent.

In Paris call money eased back to 11¾ per cent from 11⅞ per cent on Wednesday, and has now traded steadily between these two figures for a week, and reflects the authorities' success in maintaining a reasonably even level of liquidity in the money market just recently.

In Frankfurt interbank money rates were slightly easier where changed. Call money was quoted at 8.20-8.40 per cent against 8.45-8.55 per cent on Wednesday.

In Amsterdam interbank money rates were largely unchanged from Wednesday, with call money at 10¼-10½ per cent and one-month money at 11-11¼ per cent.

In Zurich rates on medium-term notes were increased to 4¼ per cent for three- to four-year maturities and 4½ per cent for five to eight years.



MONEY RATES

NEW YORK

Prime Rate	15-15¼
Fed. Funds	13.75
Treasury Bills (13-week)	12.06
Treasury Bills (26-week)	11.76

GERMANY

Discount Rate	6
Overnight Rate	8.25
One month	8.375
Three months	8.85
Six months	[illegible]

FRANCE

Discount Rate	9.5
Overnight Rate	11.75
One month	12.0625
Three months	12.3125
Six months	[illegible]

JAPAN

Discount Rate	6.25
Call (Unconditional)	8.125
Bills Discount (three-month)	8.6

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate 17 per cent (since November 17, 1979)

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a very large scale. This comprised small purchases of Treasury bills and corporation bills all direct from the discount houses, some of each package being for resale at fixed future dates. They also bought a small number of eligible bank bills, all of which are for resale. In addition the authorities lent a large amount to eight or nine houses at MLR for repayment today.

The market was faced with the repayment of Wednesday's large official advances, and a small excess of revenue transfers to Exchequer over Government disbursements. There was also a small net take up of Treasury bills to finance. On the other hand banks brought forward balances a moderate way above target and there was a small decrease in the note circulation.

Discount houses were paying up to 17 per cent for secured call loans for most of the day with some late balances taken as low as 15 per cent. In the interbank market, overnight loans opened at 18-19 per cent and rose on the forecast to 20-21 per cent before easing to 17-17½ per cent by lunch. Rates tended to ease throughout the rest of the day, with late balances taken at 15-16 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan 24 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-21	—	—	—	17¼-17	15-17	—	—	—
2 days notice	—	—	17⅝-19	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	18-18½	17¾-19	—	18⅛	17¼	16¾-17	—	—	—
One month	18-17¾	17⅝-17⅞	17½-18	18½-19	18½	17⅜	18¼	16⅞-16¾	17½	18⅛
Two months	17¾-17⅞	17½-17¾	—	18½-18	18⅛	—	16⅛	16⅝-16⅞	17⅛	18¼
Three months	[illegible]	[illegible]	17¼-17⅝	17⅞-17⅝	18¼	17⅛	16¼-16⅜	16½	16⅝	17
Six months	[illegible]	[illegible]	16½-16¼	16½-16	17	—	—	—	16⅛-16⅜	16⅞
Nine months	[illegible]	[illegible]	—	15⅞-15⅝	16	—	—	—	—	—
One year	[illegible]	[illegible]	15½-15¼	15¼-15	15¾	—	—	—	—	—
Two years	—	—	15⅝-15¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 15½-15¾ per cent; four years 15-15¼ per cent; five years 14⅞-15¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16-16⅛ per cent; four-month trade bills 16⅞ per cent.

Approximate selling rates for one-month Treasury bills 15⅞-15½ per cent; two-months 15⅞ per cent; three-months 15⅝ per cent. Approximate rate for one-month bank bills 17⅝-17¼ per cent; two-months 17-17⅛ per cent; three-months 16⅞ per cent; one-month trade bills 18¼ per cent; two-months 18 per cent and three-months 16¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.749 per cent.

GOLD

Slight rise

Gold rose \$5 to close at \$700-\$710 in relatively quiet trading in the London bullion market yesterday. The level of business was reduced by the decision of the members of the Zurich market to close during the afternoon yesterday and today. Gold opened at \$680-690, and was fixed at \$712 in the morning and \$717 in the afternoon. The highest level touched was \$730-\$740 in early trading.

In Paris the 12½ kilo gold bar was fixed at FFr 87,500 per kilo (\$671.81 per ounce) in the afternoon, compared with FFr 89,000 (\$683.72) in the morning and FFr 83,700 (\$642) Wednesday afternoon.

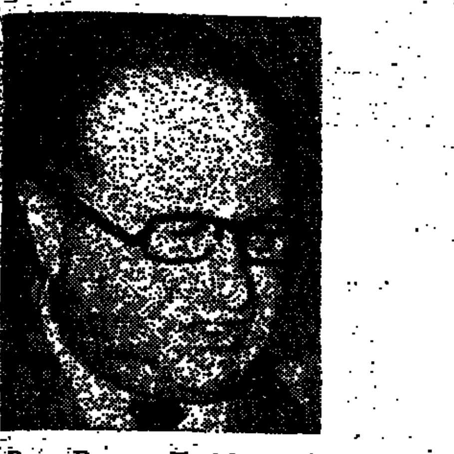
In Frankfurt the 12½ kilo bar was fixed at DM 38,350 per kilo (\$712 per ounce), compared with DM 35,575 (\$640) previously.

	January 24		January 23	
Gold Bullion (fine ounce)				
Close	\$700-710	(£307-312)	\$690-710	(£303-312)
Opening	\$680-690	(£298-303)	\$625-640	(£275½-282)
Morning fixing	\$712	(£312.281)	\$650	(£286.092)
Afternoon fixing	\$717	(£314.336)	\$695	(£305.026)
Gold Coins				
Krugerrand	\$700-720	(£300-310)	\$700-720	(£295-310)
Mapleleaf	\$700-720	(£300-310)	\$700-720	(£295-310)
New Sovereigns	\$180-185	(£78-83)	\$180-185	(£74-80)
King Sovs.	\$185-195	(£75-90)	\$185-195	(£75-85)
Victoria Sovs.	\$185-195	(£75-90)	\$185-195	(£75-85)
Fr 20 Napoleon	FFr715-725	(SFr250-270)	FFr725-735	(SFr250-270)
50 pesos Mexico	\$870-890		\$870-890	
100 Cor. Austria	\$700-715		\$700-715	
\$20 Eagles	\$745-775		\$745-775	
\$10 Eagles	—		—	
\$5 Eagles	—		—	

FINANCIAL TIMES SURVEY
Friday January 25 1980

AUSTRIA

The showcase of the politics of consensus turned in a spectacular, strong growth, low inflation performance in 1979, but the rising price of energy and a loss of external reserves are setting Austria problems for the 1980s. The prevailing view in Vienna is that these challenges will produce not confrontation, but a closing of ranks.



Dr. Bruno Kreisky, the Austrian Chancellor. Last May the electorate re-confirmed him in office till 1983.

BASIC STATISTICS	
Area	32,374 sq. miles
Population	7.51m
GNP	Sch 835bn (£30bn)
Per caput	Sch 111,185 (£4,000)
Trade (1978):	
Imports	Sch 223.18bn (£8bn)
Exports	Sch 176.11bn (£6.3bn)
Imports from UK	£240.1m
Exports to UK	£324.1m
Currency: Schillings; £1=	Sch 27.875

A strong emphasis on security

By W. L. Luetkens

WHAT CAN you expect from a country with at least 30 different ways of serving coffee, and two major political parties which may argue constantly but in the end pass four out of five laws in harmony?

The country (need one say so?) is Austria, and the answer is a love of living well and in security, with a penchant for social consensus. It goes back to the immediate post-war period, when Socialists and the People's Party governed in coalition. But it has signally survived almost 15 years of one-party government.

In the late 1960s it was the turn of the People's Party, an amalgam of representatives of the peasantry and of business large and small. During the 1970s it was the turn of the Socialists, largely because their leader, Dr. Bruno Kreisky, the Chancellor, has managed to capture the centre and appeal to the deep-seated hankering after security.

Last May the electorate re-confirmed him in office until 1983 with an absolute majority in Parliament for the Socialist Party. It is an intriguing question precisely how red these so-called "reds" of Austrian politics are.

For two generations Austrian law has been hard indeed on owners of housing to let. The Socialists actually have a Bill in preparation which would in practice tend to devote all the profit from older buildings to their maintenance; but nobody expects that Bill to go through as conceived. That is not to say that the Socialists are devotees of unbridled market economics. They have acquired a fair feeling for what is and what is not possible—and the people are adept at getting around the rules if they become too irksome.

Take Herr Anton Benya, head of the trade union organisation, and sometimes described as the most powerful man in the country. He has a saying, attributed to Lenin, that he who sups with the capitalist needs a big spoon. No, says Herr Benya, what you need above all is soup in the tureen.

In keeping with the national addiction to security, Herr Benya gives the highest priority to full employment—and with a rate of 2.1 per cent last year he has had his wish. But in keeping with his saying about the bowl of soup, the trade unions have not clung to the preservation of jobs in declining industries whatever the price.

Though the effects have been cushioned, and change at times painfully slow, coal mining, for instance, has been abandoned altogether. The steel industry is being restructured, and fundamental adjustments have been made elsewhere. Yet industry would argue that the changes have not yet gone far enough and that Austria is beginning to labour under having become a high-cost country.

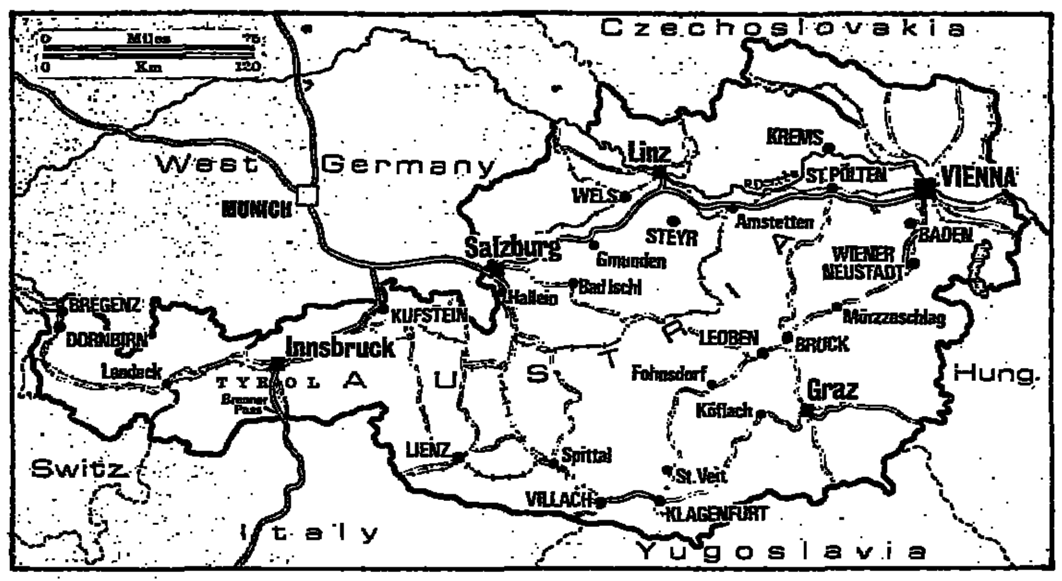
The most obvious cause is the policy pursued for long of making the Austrian Schilling as hard as the Deutsche Mark. It has helped to keep down the cost of living; last year's inflation rate, to take the prize example, was the lowest in the industrialised world. But it has also made life difficult for exporters in a country where in 1978 exports (including services such as those of the tourist industry) accounted for A$293bn (about £10.9bn at the present exchange rate) of a Gross National Product (GNP) (at market prices) of A$835bn.

As explained elsewhere in this survey, Vienna is likely to stick to the hard currency policy, though the rate will have to be defended by higher interest rates which in turn add to the costs of industry. They are further inflated by one of the most elaborate systems of fringe benefits known to Western man. Herr Robert Graf, economic spokesman of the opposition, reckons that by next year fringe benefits will add 91 per cent to the wage bills of employers.

Investment plans

Here lie the reasons why despite improved profitability last year, resulting largely from the demand effects of the West German boom, the investment intentions of industry are not especially high. Though interest rates throughout most of 1979 were on the low side, industry did not take up bank credit to the limits laid down by the central bank.

The chief priority appears to have been to reduce debt ratios and to improve balance sheets. The general air of prosperity, especially in western Austria, is undeniable. But if you ask Dr. Hans Igler, head of the industrialists' association, to reconcile that evidence with his complaint that business has been unable to generate sufficient internal capital he will answer pithily: "The 1970s reaped what the 1960s sowed."



There is of course another reason why business views the future with reservations, and that is the general uncertainty in the world. Given the country's involvement with the outside world, and mainly with Germany, Austria cannot really do much to determine its economic climate. A German recession would hit Austrians hard; domestic demand could hardly provide enough compensation.

The chief uncertainty is energy. The appreciation of the Schilling in terms of the U.S. dollar has masked—but only masked, and only partly so—recent increases of the price of oil. Imports of energy in 1979 cost Sch. 7bn more in 1979 than in 1978, nullifying a fifth of the growth of Austrian exports in that year.

The Government is still groping its way towards a conservation policy, but one strategy that has already become apparent is to look towards eastern Europe. Long term contracts have been concluded for the supply of Soviet natural gas and, provided arrangements can be made to transport it through Czechoslovakia, 1.2m to 1.5m tons of Polish coal are to be imported for power stations—beginning in 1984.

Inevitably there has been criticism that Austria is making itself dependent on the good will of Moscow. The official view about that is that it is still better than dependence upon a volatile Middle East—not least because the Russians, unlike some of the Arab States—badly need hard currency or Western goods.

In the background there remains the question of what to do about Zwentendorf, the nuclear power station built at great expense but never commissioned because a referendum in 1978 went narrowly against using atomic power. The constitutional machinery exists for repeating that referendum, but clearly very deft political timing will be required if the manoeuvre is to succeed.

It is an open secret that the trade unions and industry are agreed that one day that route should be taken. Equally clearly, no political party is prepared to raise the matter by itself; pressure for a new referendum will have to come from below which in practice means one or more of the pressure groups involved.

An open secret

The whole matter is illustrative of a fundamental Austrian reality—that the consensus is something that is reached at the top. The general public concurs while reserving the right to grumble. The most typically Austrian institution is the so-called parity commission in which representatives of business, the unions and of Government meet to agree not on mandatory targets but on economic guidelines that are adhered to even though they are not fixed by even a scrap of legislation.

The question is of course whether the whole system can stand up under pressure if the world economic outlook, and above all energy markets, should get out of hand. There is nothing in Austrian history to make one believe that conflicts can never occur.

For the moment, however, they are most unlikely. The opposition, after three successive elections resulting in absolute majorities for the Socialists, is busy with its own problems. The People's Party has a new leader in the person of Herr Alois Mock. But its precise position in the political spectrum remains unclear. There are those who want it to overcome what looks like a crisis of identity by emulating the German Christian Democrats who moved to right of centre when they chose Herr Franz-Josef Strauss to lead them in this year's election. But Herr Mock himself is, if anything, to the Left of the centre.

The other opposition party, the Freedom Party, took an even worse beating in the elections of 1979 and is in the throes of choosing a new leadership.

Interestingly enough, all the parties are discussing the possibility of constitutional changes designed to involve the electorate more closely in politics—in other words to close the gap between those who arrange the consensus and those who merely agree to it. The point of attack is the electoral system. It is one of unadulterated proportional representation in which regional party organisations draw up the list of candidates.

One may doubt whether this debate reflects more than a certain anxiety that times are going to become harder: the chances of an early reform being accepted must be accounted small. That need be no disaster. The national attachment to the idea of security has been repeatedly stressed in this article. It is reflected in an elaborate system of pensions and welfare arrangements; paradoxically it found its expression in the return of a Socialist Government, maybe because the devil one knows is better than the devil one doesn't. People of that sort are more likely to draw closer together in a crisis than to lose their tempers with each other.

ON OTHER PAGES

Economic forecasts are encouraging

AUSTRIA HAS entered 1980 with a set of comfortingly encouraging economic forecasts after what has generally been described as a year of near miraculous successes in 1979.

Gross National Product (GNP) rose by 5 per cent last year, and though the forecasters expect that rate to be roughly halved this year, the remaining 2.2-2.5 per cent still looks respectable. Last year's inflation rate was 3.6 per cent, lower than in any comparable country. For this year the forecast is 4.8 per cent. By Austrian standards that is not good—but still a good deal better than rises in the consumer price index of between 8.4 per cent and 5.5 per cent recorded in 1975-76.

MAIN ECONOMIC INDICATORS

	1975	1976	1977	1978	*1979	†1980
GNP (%)	−1.5	+6.2	+3.7	+1.5	+5.0	§
Consumer prices (%)	+8.4	+7.3	+5.5	+3.6	+3.6	+4.8
External payments:						
Current account in Sch.bn‡	−0.4	−16.3	−28.9	−6.0	−11.9	−18.6
Unemployment ratio	2.0	2.0	1.8	2.1	2.1	2.3

* Estimate. † Forecast of main economic research institutes. ‡ Includes net errors and omissions. § 2.2-2.5%.

The fly in the ointment is that certain basic assumptions made when the forecasts were prepared may prove unjustified. First, the oil price may already have risen more steeply than was assumed. The forecasters *had in mind $27 a barrel (less a* margin resulting from a depreciation of the U.S. dollar in terms of Austrian schillings). That figure looks distinctly out of date now.

Considerations

But before jumping to conclusions it is necessary to take into account that Austria, like most other consumers, built up stocks in *1979*, so that the spot price of oil may come under a certain amount of pressure. Beyond *that, Austria* still produces from its own fields something like a sixth of its crude oil needs. That again can prove of help.

Another assumption behind the forecasts which may prove to have been over-optimistic concerns interest rates. The expectation that the world-wide trend towards higher interest rates would prove only temporary is beginning to look distinctly dubious. Given their close economic ties with neighbouring West Germany, the Austrians cannot ignore *what is going on in Frankfurt*, where the Bundesbank has shifted to a restrictive course in the interests of internal monetary stability.

That poses a dilemma for Austria's policy makers. Reduced to its simplest terms they have a choice between abandoning the informal but none the less effective link between their exchange rate and that of the Deutsche Mark, or of allowing their interest rates to rise with—and indeed move slightly above — those obtaining in Frankfurt.

Unless something extraordinary happens, the Austrian authorities are unlikely to abandon the policy that they have pursued throughout the 1970s of managing their exchange rate so that it keeps very close to the Deutsche Mark.

Economic miracles have their price, however. The relative rapidity with which Austria overcame the *mid-1970s* recession by a policy of deficit spending pushed both the budget and the country's external payments into deficit. A good deal was done to correct that, though a good deal remains to be done, especially on the budgetary side. Interest arbitrage and longer term capital exports, added to a current account deficit, cost the central bank a large portion of its foreign exchange reserves (exclusive of gold) during 1979.

During the first 10 months of 1979 they fell from Sch 61bn (not counting the International Monetary Fund position) to Sch 39bn (about £1.4bn) at the present exchange rate). Gold remained unchanged at Sch 29bn, but has since been revalued to Sch 39bn, mainly to make good that part of the decline of total reserves *accounted for by exchange rate* movements, more specifically the decline of the U.S. dollar.

Seeing the danger signals, the central bank began to tighten up in September when it made a cautious upward adjustment to the discount rate.

The visible account has been in deficit by tradition, but only since the mid-1970s has net income from tourists fallen seriously behind the visible deficit. The main reasons have *been the rising price of energy* imports and the growing appetite of Austrians for foreign travel.

Improvements

For last year the trade deficit was about Sch58bn, as against a surplus on services (largely tourism) of Sch34bn, leaving a current account deficit of Sch24bn. Comparison with *1978* is not very enlightening, because added value tax changes at the end of 1977 cause a great bunching of imports. Taking 1977 and *1978* together one is left with an average annual trade deficit of Sch61bn, a services surplus of Sch27m, and a current account deficit of Sch34bn. In other words both visibles and invisibles performed a good deal better in 1979 than in 1977-78.

For certain reasons the Austrian balance of payments generally shows a large positive amount under the heading of "net errors and omissions" which are usually considered to be trade-related rather than of a capital nature. If the current account is adjusted for this curiosity, one is left with an estimated deficit last year of Sch11.9bn, which is expected to expand to Sch18.6bn in 1980, largely because of the rising price of imported energy.

The budget deficit, which was greatly inflated to combat the mid-1970's recession, has been reduced in relation to GNP. But the fact remains that the country is entering a period of uncertain economic prospects in the world at large with a current external deficit which is once again growing, and a budget which leaves limited scope for a renewed bout of deficit spending.

On top of that, the inflation rate, which is greatly influenced by energy and other factors well beyond Austrian control, will in the long run put to the test the willingness of Austrian labour to moderate its demands: that moderation was an essential element in the reduction of unit labour costs which enabled Austria to raise its visible exports last year by about 18 per cent.

But what if the inflation rate goes sharply above the forecast 4.8 per cent? What if real wages cease to rise or maybe even fall, if not this year, then in 1981? A sharper wind is then sure to blow blow through the Austrian idyll of consensus politics and consensus between labour and management. But it would be foolish to assume that that wind will blow the house down. All the indications are that security remains the highest priority for most Austrians; there is nothing they fear *so much* as rocking the boat.

No doubt it would have been better for Austria if there had been more time between the mid-1970s phase of spending their way out of trouble and the challenges that appear to lie ahead. But what impresses a visitor from abroad is that there is nothing to be felt in Austria of the apocalyptic mood prevalent in some other countries. "Everybody is talking of a recession in 1980," one of the highest policy makers in Vienna said "but I have not yet caught sight of it."

Even he, however, will make no guesses beyond the middle of this year. The fact of the matter is that Austria is too small to be in complete command of its fate. If the Germans go into recession (not to mention even more serious possibilities) Vienna can hope to steer clear of trouble for a limited time only. But the basis would still exist for mitigating the effects.

W. L. Luetkens

Big jump in bond issues

THE NEW banking law, the gradual dismantling of State subsidies for contractual savings and the clash of regional and sectoral interests have not only *posed new challenges to the Austrian* credit institutions; they have also produced a major shift in the small investor's priorities.

According to provisional figures, non-institutional investors last year doubled their purchases of fixed-interest securities to Sch 40bn. It is estimated that about Sch 15bn of the Sch 20bn increase was due to shifts from ordinary savings accounts to bonds. Conversely, the savings banks reported a growth of only 5.4 per cent in savings deposits to a grand total of Sch 156bn, a rate of increase which the *Federation of Savings Banks* called "far below expectations."

The changes were partly the direct result of the third reduction in subsidised contractual savings schemes within three years by the Ministry of Finance —all made to save money—and partly to the manifold consequences of the inter-bank agreements about interest rates on bank deposits that had put an end to the so-called "grey" interest rates which at one point were almost double the official 4 per cent interest rate on normal savings accounts (with no statutory withdrawal clause). This is the background to such seemingly paradoxical trends as, for example, the elimination of subsidised State bonds coinciding with an unprecedented jump in new bond issues.

The most important new regulation involved, as of September last, the complete elimination of Federal tax rebates for buyers of State and public bonds. The 15 per cent premium once granted has been cut to nil since *1977* in three stages. The only remaining concession is that interest on bonds worth up to Sch 100,000 per annum and per person is as before, tax-free.

The main point, however, is that anonymous accounts are legal, with the latest Banking Law even strengthening bank secrecy. This means that savings books, bonds of all kinds and investment units may be bought anonymously. But savings schemes involving tax concessions or rebates in any way must be reported to the Revenue authorities. Building society deposits are now subsidised only up to 10 per cent by the State, against 25 *per cent* until 1977, and 17 per cent until the end of 1979. As a result, the net yield has been reduced from 10 or 11 per cent previously to 8.5 per cent per annum.

The savings deposits subject to notices of one to three years currently offer interest ranging from 5 to 6.5 per cent. The so-called premium contractual savings deposits (with obligatory quarterly deposits of at least Sch 150 but not more than Sch 5,000 per person) offer 7 per cent provided there has been no withdrawal from the account during a four-year period.

Under the inter-bank agreement the highest rate on so-called money market certificates involving large non-anonymous deposits of over Sch 3m subject to between 3 days' and 12 months' notice must remain half a percentage point below the average bond rate. This means a current rate of 7.5 per cent on such deposits. Both these certificates and the cash bonds currently divided into Sch 10,000 bonds are now at the centre of debate.

As the *inter*-bank agreements are concluded for half-yearly periods, the entire package deal has to be renewed as of March 1 next. The credit institutes have disparate and conflicting interests, with the fronts cutting through the political groups and interest lobbies.

The question of liberalisation of interest rates and the sharp conflicts between the various banking sectors and even within these groups must be seen against the background of the trend towards universal banking.

New trend

The single most important consequence of the new Banking Law is the acceleration of the trend towards universal banks. The savings banks, which have a 27 per cent share of the outstanding extended credits and 32 per cent of deposits reported by the entire banking sector may now directly tap the capital market through bond issues, engage more freely in business abroad, set up branches anywhere in the country, and acquire industrial holdings. The driving forces behind these changes have been the two large Vienna-based saving banks, Zentralsparkasse und Kommerzialbank, and the Erste Oesterreichische Sparkasse.

The shifts also affect the relationship between Girozentrale, the second largest Austrian bank and central institute of the savings banks sector on the one hand, and the two Vienna savings banks on the other.

A realignment within the building society sector is also taking place, with all banks keenly interested in getting a larger share of and a direct access *to this profitable business.*

The banking sector is as before composed of different sectors but the real differences between the individual "giants" are becoming practically nil. The commercial banks (35 institutes with 538 branches) are controlled ultimately by the Federal State, which has a majority holding in both Creditanstalt and the Laenderbank. Both banks have had some problems with their large industrial holdings and widespread interests but report a highly successful year.

The savings banks sector consists of 164 independent operators with over 1,000 branches. An accelerated process of concentration is taking place, although the plans to found a so-called Westbank in Vienna by four large provincial savings banks have been shelved. The farmers' credit co-operatives and their umbrella institute, Genossenschaftliche Zentralbank, comprise half of all bank branches and have an unrivalled access to primary deposits. The Post Office Savings Bank has also emerged as a formidable competitor. Bawag, relying on the vast funds of its owner, the trade union federation, has also played an extremely active role

Paul Lendvai

Industry is centred on the small man

THE BIG STORY in Austrian industry these days is the arrival of a motor industry, or rather bits and pieces of a motor industry.

But before getting on to that it is as well to remind oneself that the real story may be a little one — the story of thousands of small industrial enterprises which have shown a remarkable ability to adapt in a changing world. Travel down the main railway line from Vienna to Salzburg, for instance, and you will see new plant that has sprung up everywhere in the last 20 years, ranging from the local butcher, baker and candlestickmaker type of thing to enterprises that may not be large by international standards but *do* command worldwide importance.

Two instances occur, but there must be others: GFM, at Steyr, which has a leading position in the non-Communist world in the manufacture of machines to produce the blanks from which the fan blades of jet engines are fashioned; and Plasser and Theurer, makers of equipment to build and maintain the railways' permanent way.

World markets

An export share of more than 90 per cent in the company's turnover of about Sch 2bn (about £74m) a year, and manufacturing subsidiaries in countries as far afield as Britain, Canada, and India really tell the story. P and T may be an exceptional case, but it is an exception that proves a rule; small businesses can do well in world markets.

But to return to the motor industry. Austria always has had some connection with it: the building of lorries and buses has never ceased. But in the all-important passenger car sector there has been little since the war other than a licence agreement between Fiat and Steyr (part of the Creditanstalt Group, the largest Austrian bank, and one that is in State ownership).

As a result, imports of cars contributed enormously to the Austrian trade deficit—in 1976-1978 Sch 43bn (about £1.6bn at the present exchange rate) of an aggregate trade deficit for the three years of Sch 183bn. The idea of putting a stop to this by building up some sort of domestic motor industry became associated with no less a person than the Chancellor himself, Dr. Bruno Kreisky. The original proposals proved impracticable, but a pattern has now emerged promising a measure of success, though at a price.

The largest venture involves General Motors, which intends to produce engines in a plant near Vienna. As has become the fashion in the motor industry, the company has been offered great inducements to come. The plant, where 1,500 will find employment, is said to have been supported by the Austrian authorities with grants and preferential finance adding up to Sch 1.4bn.

BMW, the German motor company, got only a fraction of that for a joint venture with Steyr-Daimler-Puch to produce a diesel engine developed at an Austrian university and said to be especially efficient. Steyr has also co-operated with Daimler-Benz in the production of a cross-country car, drawing on the Austrians' experience with designing cross-country vehicles for hill farmers and for the army.

Finally, negotiations have taken place for a cross-country vehicle to be produced jointly by Volkswagen and State-owned Austrian industry in the OeIAG group. (The outcome was not known at the time of writing.)

The GM venture is evidently first and foremost designed to provide employment and to reduce the Austrian deficit on trade in motor vehicles. The others do in fact make use of Austrian technology and research. But over and above that, all these ventures and proposals have one thing in common; they will provide openings for Austrian suppliers of components. Small industrialists will reap some of the benefit.

Nevertheless, the political opposition, and in particular its economic spokesman Mr. Robert Graf, argue that the Sch 1.4bn used to catch GM might have been better employed to help existing industries. Herr Graf complains, as does Dr. Hans Igler, head of the Austrian industrialists' association, that the 1970s (a decade of world-wide economic difficulties, but also of one-party Socialist government in Austria) have been a period during which Austrian entrepreneurs have had great difficulties in generating internal capital. Even the improved profitability of 1979 has not fundamentaly altered that situation.

Dr. Igler argues that the cash flow of industry in relation to aggregate added value has shrunk from 30 per cent in 1970 to 20 per cent in 1979. At the same time he notes a shift from private to public investment. Investment of a productive (rather than infrastructural) nature, including the State-owned industries, has fallen to about 12 per cent of aggregate investment as against about a fifth in 1970.

What this really means is that private industry wants tax cuts, and more particularly complains that for fiscal reasons tax concessions from which it used to profit in the past have been severely narrowed down. There is little prospect of early relief.

The size of the state-owned sector (not counting concerns owned by the state-owned banks) can be gauged from the fact that nearly a quarter of Austrian exports originate in the factories of the OeIAG group. It would be wrong, however, to conclude that the group enjoys rude health. Its biggest single member, VOEST, the steel and engineering group, has not paid dividends for several years, though as a result of rationalisation and partial closures, a period of short-time working has been ended. OeIAG's involvement in the native oil industry and in refining has to an extent made up for weaknesses elsewhere, especially in special steels.

In private industry there is a tendency to argue (much as in the case of GM) that the State has tended to favour large, i.e. publicly owned, industry at the expense of the little men. It is of note, however, that not even the trade unions have taken the line that jobs must be preserved at all costs.

Labour force

Dr. Oskar Gruenwald, executive chairman of OeIAG, takes the view that his concern must find a middle way between the philosophy of private industry, meaning the pursuit of profit, and a sense of responsibility towards both the labour force and the public interests. In practice that has meant a running down or transfer of labour forces in the weak sectors, with the stricken special steel sector next on the list.

It has also meant branching out into new areas — for instance the proposed joint venture with Volkswagen, but also an agreement with Siemens, the German electrical group, for the joint development of integrated circuits and micro-electronics.

That venture is a step on the route that Austrian industry will have to continue pursuing if it is to prosper. What has been achieved already can be deduced from structural shifts in the composition of Austrian exports. In 1960 raw materials and food accounted for 25 per cent of the total; in 1978 their share was down to 11 per cent. Machinery and transport equipment (in the main finished products) had risen from 16 per cent to 29 per cent.

What all of this means is that Austria has gone some way down the Swiss route—a route combining a hard currency in the interests of low inflation rates with a highly developed network of small industry, and with the intention to specialise increasingly in high value products.

The path is not straight; the social cost of closing down weak or mature industries would be unacceptable to all concerned. Only the future can show whether the time for building up a motor industry was well chosen.

It will also be a stony path, because after two world wars Austria lacks the accumulated financial resources of the Swiss and their highly developed multinational companies, for instance in the chemical industries. It also has a far higher tax quota. But like Switzerland, Austria has a tradition of industrial peace which has proved an invaluable asset over the post-war years.

W.L.L.

Reliance on Comecon for energy supplies

AUSTRIA'S FIRST nuclear power plant at Zwentendorf, completed but not commissioned, continues to haunt the energy scene. Ever since the Austrian electorate on November 5, 1978, decided in a referendum to postpone the commissioning of the plant—located one hour's drive from Vienna—advocates of nuclear energy have been preparing an initiative to reopen the debate. Gathering 200,000 signatures would enable them to launch a new referendum which could turn the "No" of the past into a "Yes" to nuclear power.

The immediate future of the plant, which has so far cost in construction and interest charges some Sch 9bn (about £320m), will be decided by the operating company only at the end of February. The options are: to turning it into a conventional coal-fired plant which would cost an estimated further Sch 4bn; 2, to put it into cold storage, the owners (i.e., the Federal electricity concern and provincial utility companies) having to underwrite further financing); and 3, to pull it down.

The companies concerned have already had to announce increases ranging from 6 to 15 per cent in the rates charged for electricity in the various provinces. These, however, are, only the immediate consequences of the "No" to nuclear power. There are other and weightier factors to be taken into consideration if one seeks to assess the medium and long-term repercussions.

The most important is clearly the growing dependence on energy imports, which currently account for 63 to 65 per cent of aggregate energy consumption, compared to 58 per cent in 1970. Crude oil and natural gas make up some 80 per cent of these imports. The trend is bound to raise the share of imports by the end of the 1980s—perhaps even up to 80 per cent of the total demand for energy.

Oil imports

The drain on the balance of payments has also become increasingly pronounced. Thus, the energy import bill has jumped from Sch 8bn in 1970 to Sch 31bn last year. Oil imports are responsible for the bulk of this figure. Austria in 1979 had to purchase foreign crude to a total of Sch 24bn. Unless consumption is reduced, the bill will be at least Sch 36bn this year. Crude oil imports in 1979 jumped by 1.1m tonnes to 9.2m and consumption was up by 3.6m to 11.6m tonnes.

Austria last year produced 1.8m tonnes of oil from its domestic wells, which has been a help, but the share of energy in total imports has been rising inexorably from 5.6 per cent in 1972 to about 8.5 per cent in 1979.

The Austrian State oil corporation OeMV last year imported 6.2m tonnes on its own account. The rest was provided by the international oil companies, with OeMV's refinery at Schwechat processing most of their imported crude too. A detailed breakdown shows that OeMV bought 2m tonnes from Iraq, 1.5m from the Soviet Union, 850,000 from Libya and 550,000 from Algeria. Currently it is negotiating the import of 1m tonnes from Saudi Arabia and, it is hoped that a forthcoming visit there of the Chancellor, Dr. Bruno Kreisky, will achieve a breakthrough after years of unsuccessful efforts to buy Saudi oil. It is also rumoured that OeMV might be able to buy 500,000-1m tonnes of crude from Nigeria. For the time being, however, it is generally assumed that OeMV will have to cover about 20 per cent of its demand on the spot market.

Political observers are particularly concerned about the predominant role of the Soviet bloc in Austria's energy imports. The Soviet Union provides 2.4bn cubic metres of natural gas per annum, some 60 per cent of consumption, the price just having been increased by 26 per cent. Polish coal and electric power, Hungarian lignite and a projected link with the Comecon power grid have been mentioned by Dr. Kreisky and his Ministers as major co-operation projects, possibly bringing in Switzerland and Bavaria too.

Last November a large Austrian mission headed by Dr. Kreisky concluded long-term deals with the Polish Government. The agreement involves the annual delivery by Poland of 1.2m tonnes of hard coal from 1984 for a period of 20 years. The method of transport has to be decided by June this year.

The coal will most likely be transported by rail — via Monfalcone in Italy or through a coal pipeline via Czechoslovakia. Another major project still under discussion concerns the erection of a large power plant with a capacity of 1,000-MW. Poland would provide power in exchange. For the time being Austria imports only 400m kWh annually, but as of 1983 this volume will be increased to 1.6bn kWh per annum. Questions related to the details of financing, particularly with regard to a $300m credit for the Poles, have not yet been finally resolved.

Talks are going on with Hungary about the construction of a 600-MW power station in eastern Austria based on Hungarian lignite from nearby deposits on the Hungarian side. But this project would cost Sch 6.5bn, to be provided by Austria. The Hungarians claim that the deposits suffice to guarantee supplies for 40 years. Finally, Austria wants to increase its imports of natural gas and energy from the Soviet Union. The Austrian side would like to increase the gas imports from 2.4bn cubic metres to 4bn cubic metres per annum. The director general of the Verbundkonzern, the State electricity corporation, has just begun informal talks in Moscow about a link between the Austrian and Comecon power grids.

In purely economic and geographic terms all these projects make sense. However, several Austrian commentators point out the hidden dangers of excessive dependence on energy supplies from the Soviet bloc. In the severe winter of 1978-79 the collapse of some transformers in Czechoslovakia also interrupted the power deliveries from Poland to Austria. The failure had no political background.

Reliable

Up to now the eastern-European suppliers have proved to be more reliable than some of the OPEC countries. Furthermore, calls for a diversification are certainly justified—but not very easily translated into practice. For the time being the Government has chosen the easy solution of tapping Comecon bloc resources. But with the frostier international political climate, the political dangers have also become more evident.

Meanwhile, Austria's power supply this winter is guaranteed, with hydro-electric plants operating at full capacity. Last year demand for power grew only at 4.5 per cent, slightly below the overall growth of 5 per cent in GNP. The Government wants to achieve a cut of 500,000 tonnes in imported crude this year from 11.5m tonnes to 11m. On the face of it this would require a reduction in domestic demand by 5 per cent—but there are stocks available to be drawn down. The forthcoming round of price increases for petrol, light heating oil and fuel oil, as well as the tax rebates offered to both individual and corporate taxpayers for energy-saving investments and other measures to be announced in the near future should help reduce domestic consumption.

Parliament in December last unanimously passed a legislative amendment — based on the November 1978 referendum —to ban the erection and construction of nuclear power plants, proclaiming that this decision could only be changed through a new referendum, which in turn can only be organised if a two-thirds majority in Parliament approves the referendum project. In these conditions the political parties would find it difficult to reopen the Zwentendorf issue in the near future.

Economic and political arguments, ranging from the drain on the payments balance to the excessive dependence on the Soviet bloc suppliers, will hardly produce a dramatic shift in public opinion. Only a collapse of power supplies for an extended period, directly hitting consumers, could do that. Until this happens Government and opposition are likely to rely on the time-honoured Austrian technique of muddling through.

Paul Lendvai

Bruno Kreisky and Anton Benya, grand old men of Austrian government and unionism are approaching retiring age. PAUL LENDVAI portrays possible successors.

The younger generation

Dr. Heinz Fischer

SOME AUSTRIAN commentators are becoming more and more convinced that it is the young leader of the Socialist Parliamentary group, Dr. Heinz Fischer, who may in the 1980s emerge as effective leader of the Socialist Party. As with so much in Austrian politics, his career chances depend too on the health of the Federal Chancellor and Socialist Party chairman, Dr. Bruno Kreisky. At 69 the Chancellor is more than ever the unchallenged leader of the ruling party, which he has led to four successive electoral victories since 1970, winning the last three elections with an absolute majority.

At the last Party Congress in the autumn of 1979 Dr. Kreisky was re-elected as chairman without a single delegate voting against him. But the real surprise at the Congress was the candidacy and subsequent election of Dr. Fischer as one of the deputy chairmen. At 41 the introverted, quiet and hitherto publicly least known Socialist politician among the top party figures has emerged as a force to reckon with in the succession battle once Dr. Kreisky leaves the political stage.

An unrivalled expert in Parliamentary wheeling and dealing, Dr. Fischer in 1963 became secretary of the Socialist Parliamentary group but entered Parliament only in 1971 when he was 33. For a long time his public image was adversely influenced by the fact that he was widely regarded as kind of political son of the influential Minister of Justice, Dr. Christian Broda. The bourgeois Press often campaigned against this brilliant legal expert as the most "dangerous"—because genuinely Left-wing—theorist and politician in the Socialist leadership. Dr. Fischer's political heart is also to the Left of the Socialist centre.

Dr. Fischer . . . good prospects of reaching the top.

Since his election in 1975 as executive chairman of the Socialist Parliamentary group (led nominally by the Chancellor himself) Dr. Fischer has repeatedly demonstrated great political skill and undoubted talent for compromise. His disadvantage is a lack of executive experience in government. On the other hand Dr. Fischer is not only steeped in Socialist Party traditions through his family and his entire career; he is also by far the best educated leading politician, with a sure grasp of political theory. He lectures part-time at the University of Innsbruck.

Liked by the young Socialists, respected by his elders and trusted by the powerful trade union chief Herr Anton Benya, this youngest among the Socialist top brass has good prospects of reaching the top in this decade.

Leopold Gratz

THE MAYOR of Vienna and head of by far the largest Socialist Party organisation in the country, Herr Leopold Gratz, is, at 50, as popular as ever, but his chances of ever becoming Chancellor are currently regarded by most observers as not very good.

In a somewhat unfortunate interview last year, the mayor himself hinted that he would be primarily interested in taking over the party leadership rather than the Chancellorship once Dr. Kreisky goes. He is also widely tipped as a possible President in 1985. It is a largely ceremonial and not a policy-making position. (The incumbent, Dr. Rudolf Kirchschlaeger is certain to be re-elected for a second term this spring.)

However, Herr Gratz, a former Socialist youth leader, central secretary of the party, Minister of Education, leader of the Socialist Parliamentary group, and last but not least a highly successful vote-getter, is — as a Vienna newspaper recently put it—"still strong enough to block Androsch's accession to the No. 1 position, even if he himself cannot capture it." Should anything happen to Dr. Kreisky in the short term, Herr Gratz would almost certainly become party leader. He will remain an important factor both in the party and in Austrian politics.

Dr. Hannes Androsch

THE SUDDEN rise of Dr. Heinz Fischer to prominence sharpens the problems faced by Dr. Hannes Androsch, currently Vice-Chancellor and the longest serving Finance Minister in Austrian history. At the Socialist Party Congress Dr. Androsch was re-elected as one of the deputy chairmen but the fact that despite frantic behind-the-scenes canvassing over 50 delegates voted against him was a straw in the wind.

An able technocrat and still only 42, Dr. Androsch owes his career primarily to the Chancellor, who in 1970 chose him, a chartered accountant and a young back-bencher for less than two years, as his Finance Minister in the first Socialist Government in post-war Austrian history. Subsequently, in the wake of Socialist electoral victories Dr. Androsch was promoted by the Chancellor to be his deputy. He later also forced Dr. Androsch on the somewhat reluctant Socialist establishment as one of the Party's deputy chairmen.

But the Finance Minister is still more popular among Austrian bankers and industrialists than among the Socialist intellectuals and large segments of the Party establishment. His ownership of one of the country's largest chartered accountancy firms and thus tax advisory services (after heated public controversies now administered by trustees), the placing of his confidants in key and highly lucrative positions in the world of finance and industry, the publicity campaigns launched on his behalf by his personal team both at home and abroad as well as his proven inability to suffer fools gladly have harmed his political image. But he is still the personal favourite, if no longer of the Chancellor, than lately of Herr Benya, the trades union chief.

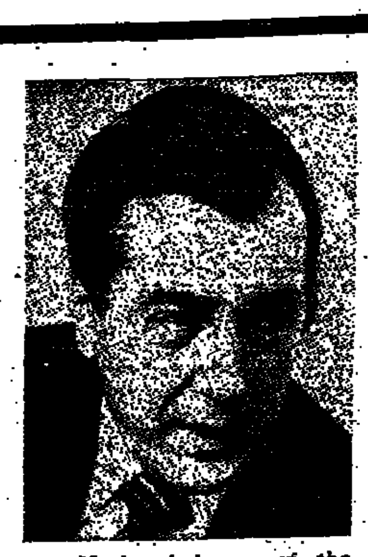
Should a sudden bout of illness force Dr. Kreisky to retire, the Finance Minister would be his successor at the helm of the Government—but not of the Party. If, however, Dr. Kreisky soldiers on until 1983 and perhaps even longer, Dr. Androsch might reassess his personal position and make his career as head of one of the large nationalised banks.

Dr. Erhard Busek

DR. ERHARD BUSEK, currently the People's Party leader in Vienna, is generally regarded as one of the ablest non-Socialist politicians in the country. If Dr. Mock as party chairman suffered a resounding defeat at the next elections, Dr. Busek would be certain to be his successor. But at 38 he is still "so young and so cynical" (as his friends say) that he can wait for the elections after the next to take over.

Quick-witted and sharp-tongued, Dr. Busek has many enemies who dislike or rather envy his meteoric career. After five years as secretary of the People's Party Parliamentary group and a further five years as secretary-general of the Wirtschaftsbund, the organisation of the business community, Dr. Busek was elected as secretary-general of the party in 1975 when he was only 34 years old.

In the summer of 1976 he took over the leadership of the Vienna party organisation and at the municipal elections he managed to gain four seats. The greatest compliment to him was paid by Chancellor Kreisky, who more than once has remarked privately: "Busek is the most gifted politician on the other side."



Dr. Mock, chairman of the People's Party.

Dr. Alois Mock

THE overwhelming Socialist victory at last May's General Elections created even earlier than expected a leadership crisis in the People's Party, which has been out of power since April, 1970. Party chairman, Dr. Josef Taus, a former banker, resigned last summer after the heads of the business, farmer and employee organisations which form the three pillars of the Party had rejected his radical concept for a change of the Party structure and for centralising power, policy and funds at the Federal level.

The new chairman, Dr. Alois Mock, 45, is an amiable former diplomat who entered party politics only in the final phase of the People's Party conservative government in 1969. Chief of Cabinet to the Chancellor, he was chosen overnight as new Minister of Education when the previous office holder suddenly resigned over a matter of principle (probably the first and so far last case of a post-war Austrian politician giving up a top job without being in any way forced to do so).

Subsequently Dr. Mock entered Parliament as representative of his native Lower Austria, and became head of the OeAAB, the League of Christian employees, the third pillar of the Party along with the leagues of business and farmers. In 1978 he took over as the leader of the People's Party Parliamentary group and was widely regarded as the natural successor to Dr. Taus.

Less brilliant but better looking and, above all, with a more attractive public image than his predecessor, Dr. Mock is currently engaged in carrying out a reform of the Party structure, the favourite past-time after lost elections. With no rival in sight, he is certain to lead the Party until the next elections.

Herr Sekanina . . . a dynamic union leader.

Karl Sekanina

THE SUCCESSION to Dr. Kreisky, as Chancellor will be decisively influenced by the sympathies and antipathies of Herr Anton Benya, who will be 68 this year and who has just been re-elected as chairman of the trade union federation OeGB). His term expires in 1983. Under the peculiarly Austrian system of social consensus, the 1.6m-strong and Socialist-dominated OeGB is a key power factor in political life. This is the reason why the question of who will succeed Herr Benya in this position is a major political issue.

The recent appointment of the most dynamic union leader of the new generation, Herr Karl Sekanina, as Minister of Construction strengthens rather than weakens his chances to succeed Herr Benya.

This 53-year-old sometime metal worker and head of the powerful 280,000-strong metal workers' union is often nicknamed the "multi-functionary." Herr Sekanina is not only an MP and chairman of his union; he is also vice-president of the trade union federation, head of the Socialist organisation of his district, Vienna - Brigittenau, and, above all president of the Austrian soccer federation.

After his appointment as a Cabinet Minister, the corpulent unionist has given up two of his other positions—head of the Vienna social insurance office and leader of the Socialist unionists.

His greatest rival is Herr Alfred Dallinger, the leader of the private white collar employees, reputed to be more Left-orientated than either Herr Benya or Herr Sekanina.

For the moment, however, the ebullient, able and power-hungry "Karli" is the front-runner in the succession game.

Significant niche in world aviation

AUSTRIA'S CONTRIBUTION to world aviation may be small but it is highly significant. Some eminent Austrian scientists have given their names to major aviation developments over the years — Christian Doppler, for example, gave his name to the "Doppler effect" in navigation (a method of deducing an aircraft's position by measuring the changes of frequences from the ground), while Ernst Mach's name is now widely used in the phrase "Mach Number" for measuring the speed of aircraft.

Civil aviation in Austria began in 1918 when the Austrian Postal Administration inaugurated a mail service which carried passengers when space permitted, but which halted at the end of World War I. In 1922 aviation was permitted again as a sport and a year later Austria's first civil airline, OELAG, was founded, with services between Munich and Vienna. By 1937, the airline had expanded considerably and services were operating regularly to major European cities, including London, Paris, Berlin, Prague, Rome and Zurich, as well as internally in Austria, using German three-engined Junkers Ju-52s, each seating 18 passengers.

After the Third Reich occupation of Austria in 1938 the airline was incorporated into the Reich's Lufthansa, and it was not until after World War II, in 1957, that a separate national flag airline, Austrian Airlines, was again established, with majority State ownership, the first flight between Vienna and London happening on March 31, 1958. Since then, the airline has expanded consistently, until today it flies scheduled services between 37 cities in 28 countries, including most of the major cities in Western Europe, together with major destinations in the Middle East and North Africa such as Cairo, Beirut, Damascus, and recently also Jeddah in Saudi Arabia, with a stop en route at Larnaca in Cyprus. There are also charter services to such countries as Spain, the Canary Isles, Greece, Bulgaria, Romania, Tunisia, Malta, Morocco and Italy.

In addition to its regular flights between Vienna and Salzburg and London, Austrian Airlines from April 1 next will fly regularly three times a week between Vienna and Manchester, leaving Vienna in the evenings on Thursday, Fridays and Sundays, and returning to Vienna in the morning on Mondays, Fridays and Saturdays. The airline's total unduplicated route mileage is about 33,000 km.

In 1978 the airline carried just over 1.6m passengers, an increase of 13 per cent on the previous year, and provisional figures indicate that a further expansion occurred last year. The airline has been consistently in the black in recent years, earning a profit of Sch 52.5m in 1978. It has about 2,400 employees.

The unique feature about Austrian Airlines in European air transport—apart from its consistent profitability—is the fact that it has remained essentially a short-to-medium haul airline.

Although some years ago, Austrian Airlines had a brief interest in the North Atlantic route, in conjunction with Sabena of Belgium to New York, this was eventually dropped, and the Austrian carrier does not operate long-haul services of its own.

Emphasis

Austrian Airlines prefers to pick up long-haul passengers arriving or departing at various European "gateway" points, for transport to and from Austria, and it has sales offices in New York and now also in Los Angeles, which collectively provide it with an estimated 55,000 to 60,000 passengers a year from North America. But the majority of its traffic by far consists of intra-European and Europe-Middle East short-to-medium haul passengers.

This emphasis is reflected in the aircraft fleet, which has always consisted of short-to-medium haul narrow-bodied aircraft—initially four UK Vickers Viscount turbo-prop airliners and subsequently the U.S. McDonnell Douglas DC-9 twin-engined jet airliners. The airline has been a consistent DC-9 buyer over the years from the early DC-9-32s through to the later and bigger DC-9-51s, and now to the latest model, the bigger, quieter and more fuel-efficient DC-9 Series 80, of which the airline is buying nine, with an option on three more, in a Sch 4bn expansion and development programme.

The first Series 80 is expected to join the fleet some time this summer, and some of the earlier types of DC-9 will be sold. At present the fleet comprises 14 DC-9 jets (nine Series 32s and five Series 51s). For some time the airline has maintained a working relationship with Swissair, which also has a fleet of DC-9s, which has enabled Austrian Airlines to undertake maintenance work on Swissair's jets at its Vienna Airport base. This working relationship also enabled the two airlines to exchange jet equipment when circumstances require.

For the future Austrian Airlines is studying purchase of the European Airbus in the smaller A-310 version. The airline has a Memorandum of Understanding with Airbus Industrie for the eventual purchase of two A-310s, and it is expected that a firm decision to buy will be made within the next month or so. Here again, the fact that Swissair has been one of the major European launch customers for the A-310 Airbus must have an influence on Austrian Airlines' choice of this equipment, and will enable the existing working relationship on equipment to be continued.

Michael Donne

Tourism vital to the economy

HUNGARIAN AND Slav languages can be heard spoken in central Vienna more frequently than Arabic and German in the shopping and tourist haunts of London. The historic Hapsburg monarchy which reached from the Alps to Romania may have gone, but Austria still bears its imprint.

Foreigners go there not only to shop, ski and do their sightseeing. Thousands have found asylum as refugees; thousands more pass through on their way from Eastern Europe to new homes in America or Israel. Another group is settling in (slightly disgruntled by having to leave central Vienna) in the so-called UNO-City, a monster building which has become the third home of the United Nations, ranging behind New York and Geneva.

The UNO-City looks imposing enough from a distance, though from within it has the alienating atmosphere of most huge office blocks. At present more than 3,000 people work there — half of them Austrians — in the International Atomic Energy Agency and the United Nations International Development Organisation, plus some smaller outfits. The building cost something in the region of $800,000 (including interest charges) and has been let to the UN by the Austrian Government for a nominal rent of Sch 1 a year. The idea behind that generosity was to underpin Austrian neutrality by making Vienna a home for the world organisation.

Other international organisations such as the OPEC secretariat have made their home in Vienna (with unhappy memories of the seizure of OPEC ministers in 1975 and a relatively harmless bomb explosion this month), and yet another group of mixed national origins practises the mysteries of East-West trade. About 470 Western concerns are estimated to have set up offices in Vienna for that purpose. Beyond that, there are 171,000 migrant labourers in Austria, a figure that has come down from a peak of 227,000 (or rather more if you add in those who came in illegally). And there are, of course, the tourists.

Trade deficit

Without them the country would have gone broke many times over. Net income from tourists (at a time when Austrians themselves are spending increasing amounts abroad, especially on the Mediterranean shores) covers the visible trade deficit as to more than 60 per cent. The immense importance to the economy overall of this money is recognised by the authorities, which constantly help the tourist industry with largely indirect subsidies. They pay for international publicity; make available warranties and subsidised credits. They have also greatly improved the roads in the last 15-20 years.

It was not always thus. If you go back to the origins of the tourist industry proper, you will find many a complaint in the second half of the 19th century that the authorities were not especially interested in the tourist except as a source of revenue for the State.

Historically speaking, the Austrian tourist business goes back to three sources: the spas which, though known as far back as Roman times, became fashionable in the late 18th century; the new love of landscape and the simple life associated with the romantic movement; and, if you stretch a point, the mediaeval habit of going on pilgrimage.

At St. Wolfgang, in the Salzkammergut, the lake district near Salzburg, the first hostel for pilgrims was founded in 1315. Now the place is flooded rather by the curious attracted by the White Horse Inn of operetta fame. But many still spare at least a glance for the fine late gothic altar in the church. To this day pilgrimages make their contribution to the flood of visitors to many an Austrian resort, but it is admittedly a small one in terms of numbers.

The tourist trade received a double impulse in the 19th century when the Vienna bourgeois began to hanker after the clean air of the mountains south of the city. The first Austrian railway, built for strategic and trade reasons southwards to the port of Trieste (then part of the monarchy) played its part in developing these regions, but also of resorts as far afield as Abazzia on the Adriatic.

Meanwhile the court found its summer home at Bad Ischl, in the Salzkammergut, where saline baths are credited with good medicinal properties to this day. Not every clever merchandising trick is an invention of recent times; as early as 1840 bottled air from Ischl was sent to some of the Austrian cities because it was supposed to be healthier than the local kind.

Edward VII was a repeated visitor to Ischl, but on the whole the tourists before World War I came from within the Hapsburg empire; Viennese bourgeois and aristocrats, and landowners from regions farther south east, and a growing admixture of Germans. Only after 1918 did the foreign element grow, and particularly that of the Germans.

In the first nine months of 1979 101m overnight stays in tourist accommodation were registered, of which 77m were credited to foreign visitors, including 57m to West Germans. The number of tourists was 16m, only 4m of them from within Austria.

In all, 1978/79 was a good year. The winter season recorded a 2 per cent increase in the number of overnight stays of foreigners, and an increase of 1.7 per cent overall if the Austrians are included. In the summer of 1979, the best since 1972, the overnight stays of foreigners increased by 6 per cent, and overnight stays altogether by 5 per cent.

The Austrian industry benefited from the political troubles in certain Mediterranean countries, but also from the oil crisis. The approach roads from Germany are short, and petrol never was hard to get in Austria itself.

Yet all is not well in the tourist industry. Over the year as a whole (though Austria has both summer and winter seasons) available hotel and inn capacities are only occupied as to about 30 per cent.

Entrepreneurs

The reasons are various. Many summer resorts do not have enough snow to attract winter tourists; many old hotels are in places which no longer appeal to modern travellers; but it is also true that an ever increasing number of summer tourists stay in small pensions or as paying guests in what really are private houses. It may make for *Gemuetlichkeit*, but these are not the kind of entrepreneurs who fill the gaps by special offers during the off season.

An argument is therefore going on as to whether the tourist industry, partly by making greater use of computers for booking systems and partly by greater use of the package tour operators, can be "industrialised." To this day four out of five German tourists arrive without benefit of a travel agent.

The anti-industrialisation school, with the support of the chambers of commerce organisation, representative mainly of small entrepreneurs argues that Austria will lose much of its charm for the foreigner if mass tourism is encouraged more than it already is.

Whatever the merits of the case, anyone with a first-hand knowledge of the tourist resorts can see that the trade has left its scars in the form of meadows scraped bare of grass by winter skiers and landscapes impaired by buildings sprouting in what used to be open country. But it has also produced immense prosperity where there was a local infrastructure of tradesmen to benefit from the building boom: to repair the tourists' cars, to cut their hair, to sell them local costume in the Dirndl fashion, and to feed them the sinfully delicious pastries for which Austria is justly famous.

Gone are the days when, in 1827, a bylaw in Ischl—mindful of the health of the visitors to that spa, but also of the needs of the local population—forbade inkeepers to serve rich puddings and smoked meats to visitors taking the waters.

W.L.L.

Lorin Maazel: a fuss about his earnings as musical director of the State Opera

Crisis over the waltz

CRISIS IN Vienna: one of the city's leading musical critics began the year by announcing that two of the best-known conductors of the Vienna Philharmonic Orchestra and the State Opera were incapable of conducting a decent Vienna waltz. He had been to the orchestra's traditional New Year's concert, and hadn't liked it.

Since only one of the offending pair was Austrian it was not a case of xenophobia, nor of the mildly patronising attitude so common among the Viennese towards those with the misfortune to have been born elsewhere.

They ought to know better since every Austrian who happens not to be Viennese knows that the citizenry of the capital all come from Bohemia or worse. True, that suspicion was not entirely correct, even in the late 19th century, when the capital attracted streams of migrants from the outlying parts of the Hapsburg empire. But ideas die hard—about the Viennese, about the foreigner, and about how to play a waltz.

In any case, the critic's thrust did rather go into thin air—the void created in Vienna by the Christmas season. Try to make any appointments there yourself for the period between Christmas and Epiphany (January 6 for those unfamiliar with the calendar of Saints and Austrian days off), and you will know what is meant.

The real attack began when people had begun to flood back from skiing on the Arlberg slopes. The same newspaper, Die Presse, informed its readers that the newly appointed musical director of the State Opera, Mr. Lorin Maazel, would be earning AS5.4m (about £200,000) a year when he takes over in 1982.

Top salaries

Top salaries in Austria are not exactly niggardly, but the story did cause the desired fuss. It even made the lead home story on the TV news that night.

The Chancellor, Dr. Bruno Kreisky, was asked to comment before the cameras, and most skilfully implied that (a) he couldn't believe it; (b) the matter would be looked into; and (c) there really was no reason for all the fuss.

The matter may, indeed, have been of second rate importance, but it did show Dr. Kreisky at his diplomatic best. For the simple fact of the matter is that allowing for a little arithmetical legerdemain *Die Presse* had got it right.

Mr. Maazel has been guaranteed eight monthly salaries a year of A$150,000, equal to an annual fee of A$1.2bn. Over and above that, he will receive A$150,000 for every evening when he conducts an opera (the fee also paid to other top conductors), and has been guaranteed 30 evenings on the rostrum. That adds up to A$4.5m, with the chance of increasing the amount by making a greater number of appearances.

But that was not the end of the matter. *Die Presse* next went on to dig up figures, not very new in themselves, designed to show that the opera and the two State theatres in Vienna had an annual deficit of A$1.4bn and that, in spite of goodish prices, each seat at the opera was subsidised by more than A$700 at every performance. So, if you want a bargain, why not go tonight when you can hear a triple bill; Il tabarro, Suor Angelica, and Gianni Schicchi, for A$200 if there should be a seat left in the last row of the stalls.

When a Boehm or a Karajan are conducting you will have to pay more: that seat in the last row of the stalls will come to Sch320. Altogether the price range at the State Opera reaches from Sch10 for standing on an evening when the stars are elsewhere to Sch1,200 for the best seats on star spangled evenings.

The Maazel affair is not really an affair at all: the world is full of highly-priced stars of this and that, and by no means over-endowed with brilliant conductors. But chins are bound to continue wagging.

Fringe benefits

Mr. Maazel's income, as calculated, well exceeds that of the head of central bank, hitherto regarded as the best paid man in Austria with about Sch4m. It exceeds that of Dr. Kreisky something like three times over. But then the Chancellor does have quite a lot of fringe benefits, including, it seems, the ability to be re-elected as often as he wants.

Maybe also the Austrians are showing a proper sense of values. The reputation of their opera and musicians has outlived that of most of their political leaders. Why, they have even named a delicious concoction of chocolate and marzipan after Mozart.

Kitsch, you may say, if you are familiar with one of the less official languages of the old Austrian empire. It is Yiddish, and means superficially lovely, in a cheap sort of way. But then Mozart himself was not averse to bonbons, and next to culture the secrets of the kitchen range almost as high in Austrian estimation as do the blessings of social consensus so thoroughly celebrated in other parts of this survey.

The story goes that at the Congress of Vienna in 1815 the ambassador of Saxony saw Count Metternich, Imperial Austrian Chancellor and the greatest intriguer in the Europe of his day, whispering to the envoy of the Tsar. Saxony sidled up and heard what it was all about: Metternich was imparting the recipe for Viennese plum dumplings.

Let's hope the ambassador noted it down carefully. A fluffed waltz may cause one of the scandals in the world of the arts so beloved by the Viennese public. But a bad plum dumpling is unspeakable.

W.L.L.

WORLD STOCK MARKETS

Dow ahead 6.7 at mid-session

WEDNESDAY'S ADVANCE was extended on Wall Street in heavy early trading yesterday, with Defence-related and Oil shares continuing to figure prominently.

The Dow Jones Industrial Average, up 11 points the previous day, added 6.66 at 894.22 at 1 pm. The NYSE All Common Index was 43 cents higher at $65.56, toping its record closing level of 65.48 set on January 11, 1973. Advances led declines by a nine-to-five margin, while institutional participation was evident in a spate of large block trades which pushed volume up to 44.34m shares at 1 pm (30.53m).

Analysts said the oils were helped by reports of strong earnings and dividend increases, and by the end of uncertainty over the size of the windfall profits tax.

Defence stocks continued to gain on expectations of increased defence spending. President Carter sketched plans for a five-year defence build-up in his State of the Union speech on Wednesday evening.

Gulf Oil gained ½ to $39 after reporting a 68 per cent profits rise for 1979. Gulf Canada, which also announced a sharp gain for the year, rose 2⅞ to $103½ on the American Exchange.

Ohio Standard raised the dividend and put on 1⅞ to $95½. Texaco's 1979 net earnings were more than doubled and it rose $1 to $35⅞.

In the Defence group, Raytheon put on ⅞ to $81¼, Litton ⅞ to $54⅜, Lockheed 2½ to $44⅜, *Loral* ⅞ *to* $58⅞, *Colt Industries* 2⅞ to $53⅛ and United Technologies 1½ to $52. General Electric, which announced improved December-quarter net, picked up ⅜ to $55.

THE AMERICAN SE Market Value Index advanced 2.59 to 266.59 at 1 p.m. Volume 6.11m shares (5.77m).

Amdahl, however, lost 1⅞ to $24⅞ on sharply lower fourth-quarter earnings.

Closing prices for North America were not available for this edition.

Canada

Widespread gains were in evidence at mid-day following another active business. The Toronto Composite index advanced 20.0 to 1,954.1 at noon, while Goldse moved ahead 80.3 to 2,902.9, Oils and Gas 55.0 to 3,930.6 and *Metals and Minerals* 27.6 to 2,069.0. In Montreal, Banks rose 2.87 to 326.18.

Germany

Shares were broadly higher in lively trading, taking the market's recovery into its third consecutive day. The Commerzbank index regained a further 6.2 to 705.3, compared with Monday's 1979-80 low of 688.3.

Unlike the previous two days, however, dealers said yesterday's rise reflected a real improvement in the market climate and not merely technical factors. Foreign and domestic institutions as well as private investors contributed to the fresh rally.

Bayerische Vereinsbank led Banks ahead with a rise of DM 6, while in Motors, Daimler Benz advanced DM 8. GHH gained DM 4.50 in Engineerings and AEG picked up DM 2.90 more in Electricals. Metallgesellschaft moved ahead DM 9.50.

A continuing revival on West German Bond markets aided sentiment on the share market. The available liquidity on the Bond markets was indicated by heavy over-subscription of the second tranche of "Carter Notes," where only DM 2.02bn was allotted from tenders totalling DM 4.62bn.

Public Authority Bonds were up to 50 pfennigs firmer and the Bundesbank sold DM 53.8m of paper after sales of DM 6.5m on Wednesday.

Paris

Bourse prices advanced sharply over a wide front in a *very active session.*

Market sentiment was buoyed by the firm tone of President Carter's speech overnight and the strong performance of shares on Wall Street. Also spurring buying orders was the fact that operators on the forward market have a full month of credit ahead of them.

Gains led falls by 162 to 22 in the *French section*, where the strongest performers included Revillon, BSN, Peugeot-Citroen, Bouygues, Aquitaine, Michelin, Generale de Fonderie, Perrier, Presses de la Cite, SAT, Creusot-Loire, Lefebvre, Lyonnaise des Eaux, Sommer-Allibert, L'Oreal and Penarroya.

Australia

Renewed overseas buying helped Resources stocks to rebound sharply after the previous two-day setback. The Sydney All Ordinaries index recouped 16.66 to 825.95 and the Metals and Minerals index regained 225.76 to 5,427.57. Industrials were firmer inclined.

Among Gold issues, Central Norseman climbed 60 cents to A$6.80, GMK 30 cents to A$4.20, Poseidon 20 cents to A$2.80, Emperor 20 cents to A$2.20 and *Wattle Gully 13 cents to 68 cents.*

Western Mining gained 45 cents to A$4.70, boosted by its latest production and exploration report.

CRA moved ahead 30 cents to A$5.40 and its Ashton diamond partner Ashton Mining rose 15 cents to A$2.95.

Elsewhere in Minings, BH South advanced 45 cents to A$5.30, Peko-Wallsend 40 cents to A$8.80, Bougainville Copper 30 cents to A$3.35 and MIM 26 cents to A$5.82.

Among Oils, AOG rose 15 cents to A$1.65 and Woodside 15 cents to A$2.55, while the Rundle shale oil partners regained lost ground, *Central Pacific strengthened* A$4 to A$48 and Southern Pacific A$1.20 to A$17.

Hong Kong

The market moved sharply ahead in active trading as investor interest returned to shares in the wake of a consolidation of the gold price at the lower levels.

The announcement of increased margin requirements by the Chinese Gold and Silver Exchanges aided the shift into stocks, while expectations of improved Bank results being reported next month continued to help sentiment.

The Hang Seng index, after relinquishing 6.35 on Wednesday, resumed its advance to finish 22.71 higher at 901.27, its best level since closing at 902.34 on April 25, 1973.

Hong Kong Bank rose 70 cents *to HK$20.50, Hutchison* Whampoa 25 cents to HK$9.10 and Jardine Matheson 90 cents to HK$16.80.

Tokyo

With major Japanese Investment Trusts and foreign investors undertaking active but selective buying yesterday, share prices closed higher for choice and the Nikkei-Dow Jones Average advanced 52.74 more to a new all-time peak of 6,746.93.

The Tokyo SE index added 1.26 at 466.47, while gains on the First Market section outnumbered declines by 349 to 278. Volume was a sizeable 470m *shares, but well below the* previous day's 660m.

Defence-related issues strengthened following President Carter's State of the Union address, while Non-ferrous Metals, Chemicals, Machine Tools and Shipping Lines also rose in active trading.

Shippings were broadly higher *on market speculation that the* relations between the U.S. and Iran may eventually improve in order to block further moves by the Soviet Union in the South West Asian region, a broker said. He added that "if the U.S. and Iran shake hands, oil shipments to the U.S. from Iran may *resume, and it would be good* news for shipping companies."

Dowa Mining climbed Y31 *more to Y670 in the Non-Ferrous* Metals sector, while elsewhere, Sanraku-Ocean, Kaken Chemical and Rasa Industries were well favoured.

Foods, Light Electricals and Trading Houses were generally steady.

Johannesburg

Gold shares tended to improve in active trading. St. Helena put on 50 cents to R32.50 and Kloof R1.00 to R29.50.

CANADA

Stock	Jan. 23	Jan. 22
Abitibi	20⅝	20⅞
Agnico Eagle	11⅛	11⅜
Alcan Alumn.	65	63
Algoma Steel	35	35
Asbestos	37¼	36¾
Bk Montreal	25⅝	25⅞
Bk Nova Scotia	24⅝	23⅞
Basic Resources	13½	13¾
Bell Canada	20¾	20¾
Bow Valley	47	44¾
BP Canada	36	36¾
Brascan A	24¾	24¾
Brinco	7	7⅛
B.C. Forest	27	27¼
Cadillac Fairv	24⅞	25⅛
Camflow Mines	20¼	20½
Can Cement	13¾	13⅝
Can NW Lands	18	17⅝
Can Packers	34½	34¾
Can Perm Mtg.	19¾	19¼
Can Trustco	21¾	21⅞
Can Imp Bank	27⅝	27¼
Cdn Inds.	28¼	28⅝
Cdn Pacific	42⅝	41½
Cdn Pacific Inv.	41¼	40¾
Can Super Oil	205	205
Cdn Tire	26	26
Cherokee Res.	11½	11½
Chieftain	40	38½
Cominco	53¼	52½
Cons Bathst A.	16⅝	16¼
Consumers' Gas	26¾	26⅞
Coseka Res	16⅞	17
Costain	7⅝	7¾
Daon Devel.	14	14¼
Denison Mines	39¾	39
Dome Mines	64	65⅝
Dome Petroleum	59⅛	58⅞
Dom Bridge	16⅛	16½
Dom Foundries A	37½	37⅝
Dom Stores	19½	19¼
Domtar	27⅝	28
Falcon Nickel A	114	108
Genstar	27	26¾
Gt West Life	127¼	127¼
Gulf Canada	117½	114½
Hawk Sid. Can.	15¾	16
Hollinger A	46	46
Hudson Bay Mng.	34⅛	34
Hudson's Bay	26	25¾
do. Oil & Gas	97½	98¾
Husky Oil	73½	74
IAC	11½	12⅛

BELGIUM (continued)

Jan. 24	Price Frs.	+ or —
Petrofina	5,660	...
Royale Belge	5,500	+140
Soc Gen Banq	2,765	−20
Soc Gen Belge	1,680	+30
Sofina	3,250	−5
Solvay	2,345	−45
Traction Elect.	2,520	+15
UCB	1,432	+2
Union Miniere	814	+4
Vieille Mont	1,570	+66

DENMARK

Jan. 24	Price Kroner	+ or —
Andelsbanken	135.75	−0.25
Baltica Skand	260	−7
Burm & Wain	75.8	+0.25
Cop Handelsbnk.	119.75	−1
D Sukkerfab.	204.5	+0.25
Danske Bank	119.5	−0.5
East Asiatic	138.25	+0.25
Finansbanken	154.25	+0.25
Forenede Brygg.	342.25	−0.25
Forende Dampsk	169.75	−0.25
GNT Hldg	188	−4
Nord Kabel	153	−0.75
Novo Ind.	215.5	−1.50
Papirfabrikker	111	
Privatbanken	125.75	
Provinsbanken	129	−0.25
Smidth (FL)	281.5	−3.5
S Berendsen	318	−1
Superfos	110	...

FRANCE

Jan. 24	Price Frs.	+ or —
Emprunt 4½% 1973	1,961	+35
Emprunt 7% 1973	6,485	+65
CNE 3%	3,998	+65
Afrique Occid.	391	+24
Air Liquide	600	+7
Aquitaine	1,368	+56
Au Printemps	102	+2
BIC	534	+6
Bouygues	697	+40
BSN Gervais	1,030	+79
Carrefour	1,622	+23
Club Mediter.	355	+16
CGE	340	+4
CSF (Thomson)	571	+26
Cie Bancaire	435.5	+0.7

HOLLAND

Jan. 24	Price Fls.	+ or —
ACF Holding	79.3	−0.1
Ahold	82.5	+0.5
AKZO	25	−0.2
ABN	289	+0.5
AMEV	100	+1
AMRO	61.5	...
Bredero Cert	218	+2
Bos Kalis	103.8	−6.6
Buehrmann-Tet	57	+0.2
Caland Hldgs	28	+0.3
Elsevier	232	+1
Ennia	140.5	+0.7
Euro Com Tst	72.6	−0.1
Gist. Brocades	34.7	...
Heineken	73	+1.3
Hoogovens	22.8	+2
Hunter Douglas	22.2	−0.7
Int-Mueller	28.2	−0.3
KLM	71.8	+3.2
Naarden	15.6	+0.4
Nat Ned Cert	118.6	+0.2
Ned Cred Bank	56.3	−0.2
Ned Mid Bank	228.5	
Nedlloyd	80.7	+0.6
Oce Grinten	122.2	−1.8
OGEM	17.6	−0.1
Ommeren (Van)	222	+0.5
Pakhoed	54.8	+1.8
Philips	20.0	+0.3
Rijn-Schelde	34.5	+1.3
Robeco	170	+1.5
Rodamco	106.3	−0.2
Rolinco	148	+1.5
Rorento	107.6	+0.1
Royal Dutch	148.9	+2.6
Slavenburg's	227	
Tokyo Pac Hg.	131.5	+1
Unilever	115.3	+0.6
Viking Res.	62	+0.7
VMF Stork	54	
VNU	90.6	+1.3
Volker-Stevin	65	−0.1
West Utr Bank	325	−0.5

ITALY

Jan. 24	Price Lire	+ or —
ANIC	9.5	
Assicur Gen.	48,310	20
Banca Com'le.	12,450	160
Bastogi Fin.	764	9.5
Fiat	1,914	36

AUSTRALIA

Jan. 24	Price Aust. $	+ or —
ANZ Group	4.35	...
Acrow Aust	1.05	...
Allstate Expl.	1.01	−0.01
Ampol Pet.	1.28	...
Ast. Pulp Pap.	2.35	...
Audimco	0.26	...
Aust Cons Ind.	2.06	−0.50
Aust Guarant.	1.41	−0.01
Aust Nat Inds.	2.15	...
Aust Paper	1.75	...
Bamboo Creek	0.22	...
Bank NSW	3.05	+0.01
Blue Metal	1.25	+0.02
Bond Hldgs.	1.70	−0.02
Boral	2.40	−0.05
Bl'ville Copper	3.35	+0.30
Brambles Inds.	2.18	+0.03
BHP	15.10	+0.55
Brunswick Oil	0.23	+0.01
CSR	5.18	−0.02
Carlton & Utd	1.91	−0.01
Cockburn Cemt.	1.35	...
Coles (G.J.)	2.03	...
Comalco	5.10	+0.35
Cons Gold	6.30	+0.10
Containers	2.60	−0.05
Conzinc Riotin	5.40	+0.30
Costain	2.10	+0.05
Crusader Oil	2.15	+0.05
Dunlop	0.86	...
Elder Smith GM.	2.75	−0.10
Endeavour Res.	0.42	+0.04
Escor	0.90	...
Gen Prop Trust	1.51	−0.01
Hamersley	4.00	+0.05
Hartogen Energy	3.15	+0.15
Hooker	1.04	−0.03
ICI Aust	2.56	...
Jennings	0.92	−0.02
Jimberlana Min.	1.80	−0.05
Jones (D)	1.80	...
Lennard Oil	1.85	+0.15
MIM	5.82	+0.26
Meekatharra Ms.	1.05	+0.05
Metramar Min	0.25	−0.01
Monarch Pet	0.72	−0.12
Myer Emp.	1.61	−0.02
Nat Bank	3.02	−0.05
News		
Nicholas Int.	1.05	
North Bkn Hill	3.18	+0.13
Oakbridge	3.80	
Otter Expl	1.05	+0.15
Pancon	8.30	+0.10
Pan Pacific	0.12	
Pioneer Conc.	2.15	−0.04
Queen Marg't G.	0.49	+0.04
Reckitt & Coln	2.60	
Santos	8.00	+0.10

JAPAN (continued)

Jan. 24	Price Yen	+ or —
Makita	1,140	+20
Marubeni	398	−2
Marudai	620	...
Marui	780	...
Matsushita	696	...
M'ta Elec Works	550	...
M'bishi Bank	416	+1
M'bishi Corp	768	−10
M'bishi Elec.	202	−2
M'bishi Rl Est.	431	...
MHI	186	...
Mitsui Co	375	+5
Mitsui Rl Est.	555	−2
Mitsukoshi	458	−2
NGK Insulators	465	...
Nippon Denso	1,260	...
Nippon Gakki	750	+10
Nippon Meat	433	+3
Nippon Oil	1,930	+3
Nippon Shinpan	635	−2
Nippon Steel	128	−1
Nippon Suisan	225	+10
NTV	5,550	...
Nissan Motor	725	...
Nisshin Flour	378	−2
Nisshin Steel	161	−1
Nomura	398	+6
NYK	320	+17
Olympus	765	+8
Orient	970	...
Pioneer	1,910	...
Renown	548	+5
Ricoh	632	−3
Sanyo Elec	402	+3
Sapporo	235	...
Sekisui Prefab	802	+2
Sharp	608	−7
Shiseido	904	−6
Sony	1,710	+10
Stanley	453	+3
S'tomo Marine	281	−1
Taihei Dengyo	710	+5
Taisei Corp	208	+1
Taisho Pharm.	588	+3
Takeda	555	+7
TDK	1,820	−10
Teijin	139	+3
Teikoku Oil	1,000	−10
TBS	599	...
Tokio Marine	645	...
Tokyo Elect. Pwr.	905	+4
Tokyo Gas	118	−1
Tokyo Sanyo	628	
Toshiba	197	+1
Tokyo Corp	255	+1
TOTO	428	+1
Toyo Seikan	448	−2
Toyota Motor	810	−1

Indices

NEW YORK ACTIVE STOCKS

COMMODITIES and AGRICULTURE

EEC lifts oak wood import ban

By A Correspondent

THE EEC has finally agreed new conditions for the import of oak from North America designed to prevent any spread of oak wilt disease from the U.S. to Europe.

In the UK the new conditions will be implemented in the Import and Export of Trees, Wood and Bark (Health) (Great Britain) Order, 1980, now being drafted to come into effect on April 1.

An important difference between the EEC regulations and those which will apply here is that the UK will continue to ban entirely the import of oak logs (tree lengths with the bark attached) whereas this will be permitted under stringent conditions in Belgium, Germany, Luxembourg and Netherlands where there is a traditional oak veneer cutting industry which requires the wood in this form. Trans-shipment of logs from these countries will not be allowed.

The conditions applying to the import of sawn oak into the UK will require that each consignment is accompanied by an official statement certifying that the wood has been stripped of its bark.

In addition, one of the following conditions must be fulfilled: the wood must be squared to remove all the round natural surface; or the moisture content of the wood must not exceed 20 per cent; or the wood must have been disinfected by hot air or hot water treatment for times and to temperatures to be specified at a later date.

Pig movement ban lifted

THE MINISTRY of Agriculture has lifted tehe restrictions imposed last week on pig movements in a large are of Northern England.

All movement of pigs was banned from last Tuesday in most of Lancshire plus parts of Cheshire, Derbyshire, Greater Manchester, Merseyside, North and West Yorkshire while ministry inspectors tried to trace outbreaks of swine vesicular disease back to their source. Not all the outbreaks have been traced back, but it has nevertheless been decided to lift the ban from today.

There have been 15 outbreaks of the disease in Britain so far this year, most of which are believed to be linked to the feeding of improperly treated swill.

New York curbs copper speculation

BY JOHN EDWARDS, COMMODITIES EDITOR

THE New York Commodity Exchange last night announced emergency measures to curb the speculation in its copper markets. It is to restrict the size of speculative positions and to double the margins required

The measures are similar to those taken in the U.S. gold and silver markets recently. Basically they are aimed at preventing prices being squeezed artificially high by speculators "cornering" the bulk of nearby supplies available to the market.

But an Exchange official stressed that the measures, which will be imposed effective from Monday, are temporary and will last only while it is considered an emergency situation exists.

Speculative positions will be restricted to a total of 2,000 contracts for the combined first two delivery months and to 2,000 lots for all other delivery months. But they do not apply to what the Exchange describes as bona fide hedge positions.

Margins are to double to $5,000 for speculators, but trade hedge margins will remain at $2,500.

Conditions were much calmer on the London Metal Exchange yesterday following the steadier trend in gold. Prices were generally easier, but there were no wild fluctuations as seen earlier in the week.

Copper cash wirebars closed £15 lower at £1,214 a tonne, but the market fell further in late trading following the reports of the New York measures. However the initial reaction was that the curbs were not too restrictive.

In other markets tin fell for the third day in succession reflecting the easier supply situation. Cash tin dropped by £155 to £7,410 a tonne. This followed another substantial decline in the Penang market overnight.

Lead was also lower. Silver, after moving up in the morning, later lost the early gains and ended virtually unchanged.

Milk sales recover but fresh price rise due

BY RICHARD MOONEY

UK CONSUMPTION of liquid milk is gradually recovering from the setback caused by last June's 1½p a pint retail price rise, but with a further 1½p being added to the price next month a new fall in purchases seems likely.

The June price increase was thought to be mainly responsible for last autumn's 3 per cent fall in consumption, though it was also suggested that the prolonged strike at Kellogg's breakfast cereal factories may have had something to do with it.

Latest figures from the Milk Marketing Board's economics division show that sales of liquid milk in December totalled 541.9m litres, 1.56 per cent down on the same month last year. The October and November figures were 2.3 per cent and 2 per cent down respectively.

It appears unlikely, however, that the effects of the June rise will have been entirely eliminated before the price goes up to 16½p from February 17.

Total UK milk production in December was 1,026.2m litres compared with 1,022.4m a year earlier. The gap was made up by a 2.6 per cent rise in the use of milk for manufacturing to 484.3m. litres.

The list price of English cheddar cheese is to increase by £55 a tonne from Monday but Irish cheddar will remain at this week's level.

Mr. Alan Jones, managing director of Adams Foods, which markets Kerrygold Irish cheddar, said: "The home produced list price increase appears to be justified on the grounds of the Green Pound devaluation. But market prices do not yet reflect the current list price and we feel it is unrealistic to increase the gap further at this stage.

He noted that the cheese market was showing a firmer tendency. "I anticipate it will have advanced sufficiently to make a realistic list price increase possible by the end of February," he said.

First tea flown from Rhodesia

THE FIRST consignment of Rhodesian tea since 1965 has been airlifted to Britain and will be offered at the London auctions on February 4.

The consignment totals 20 chests, of 44 kilos each, of Pekoedust tea. It is being imported by McLeod Russell, whose subsidiary company, Eastern Highlands, produced the tea.

McLeod Russell said the shipment is designed to re-establish as quickly as possible Rhodesian tea on the world market.

Annual tea production in Rhodesia is estimated at around 10m kilos, of which Eastern Highlands claims to produce about 20 per cent.

World coffee exports up

World coffee exports in 1979 rose to 62.15m bags (60 kilos each) from 56.04m in 1978, according to preliminary figures issued by the International Coffee Organisation yesterday.

Delegates attending a two-day meeting of the ICO executive board in London said the 1979 figure is in line with expectations based on ICO figures issued last September and is around 6m or 7m bags higher than the average of the last five years.

On the London futures market prices rallied strongly following the sharp fall earlier this week. The March position ended the day £27 up at £1,507.5 a tonne.

Cutbacks at bacon factory

By Richard Mooney

FMC, BRITAIN'S biggest bacon curer, has announced rationalisation plans for its C. and T. Harris division involving 450 proposed redundancies at its Calne, Wiltshire, factory.

But Mr. George Cattell, FMC group managing director, stressed last night that the plan was negotiable. "We are open to suggestions from the unions involved," he said.

The plan, which would halve the Calne workforce, also involves the Harris factories at Ipswich and Totnes but no redundancies are envisaged at these factories.

Mr. Cattell said heavy losses at Calne have been a problem for the group over a number of years.

EEC LAMB DISPUTE

National v. Community good

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE COUNCIL of Ministers Meeting in Brussels this week was dominated by the quarrel between France and Britain over lamb. The French Minister of Agriculture, Mr. Mehaignerie, stood like an immoveable rock against the increasingly petulant complaints of Mr. Peter Walker. Any rational observer of this scene over the last few months would have known that nothing short of an atom bomb will induce a change in the French Government's defence of its sheep farmers.

There was a feeling in the corridors of the Charlemagne building that this particular quarrel was irrelevant to the progress of the Community. That it was pointless to add yet another Court judgement to the list against France; to be treated rather as Parisians used to treat parking tickets.

In spite of Mr. Walker's assertion that the Council is supporting his stand by a majority of 7-2 with the Irish on the side of the French, this support does not seem to have been very strongly expressed. The impression is that other Ministers are becoming bored and angry that an issue which does not concern them (sheep meat) should be preventing rational discussion of the other problems which have to be resolved over the next few weeks, including the budget and the price review.

Some of these are of more interest to Britain even than lamb. The French will tell you they are defending what, to them, is a vital national interest.

Is it sensible to believe that a country should always be bound to obey implicitly the rulings of a Court when it sincerely believes that obedience would actually harm its interests?

Suppose, if during the next months, an issue arose which a British Government found it impossible to accept even if the Court ruled against it? The court, as I understand it is only allowed to interpret the rules laid down in the Treaty of Rome and not consider the political or social effects of its rulings.

The National Farmers' Union is investigating the possibility of taking legal action against the French Government in the French courts over its ban on British lamb imports.

A resolution of the NFU Council said France's "flagrant defiance" of the European Court ruling outlawing the ban had caused substantial financial losses to the UK sheep industry.

Former UK Agriculture Minister John Silkin told the Royal Commonwealth Society in London yesterday that the Anglo-French lamb dispute was "a relatively minor matter." But he said the French unilateral action was an example of how Britain should deal with the much more important EEC fisheries question.

This is a point of fundamental importance to the development of Europe and its consideration should be the priority.

So, to an extent, Mr. Walker is right in claiming that the present situation is leading to a crisis in the Community. But it is not one that will simply be solved in the case of sheep meat by compromise or a French climb-down. In reality the crisis is one of ithe persistence of national over Community interests.

Mr. Walker has pointed out that there is no reason why the French should not subsidise their own sheep industry. However, he does not really appreciate, publicly at least, that this could indirectly be a means of subsidising British sheep farmers as well. Therefore the French are sticking out for a Community scheme with intervention buying and control of New Zealand and other imports.

There is rather an interesting point about New Zealand exports of lamb, which could well be important in the long run. The New Zealand farmer at present receives about one-third of the amount his lamb fetches on the British market. The balance is absorbed by handling and transport costs.

Although sales of lamb are of supreme importance to the New Zealand economy, it is a fact that the farming industry itself is earning an increasing proportion of its returns from sales of wool. Many farms are being turned much more towards wool production.

This does make economic sense if only because wool is a high value, low volume, crop, of which transport costs in relation to value are a smaller proportion than for lamb. So in the very long-term New Zealand lamb may not be a problem as far as Europe is concerned.

A far more immediate problem is the extent individual countries can defy the European Court in defence of national interests, or what are seen as national interests.

In spite of Peter Walker's displays of virtuous indignation, a cynical observer might be justified in believing that a skilful politician would be only too happy to manoeuvre the French into the present impasse in which they can only defy the Court. There has been no precedent for this defiance up until now.

But it is quite on the cards that during future months Britain might well be brought before the court on the question of Budget contributions, fisheries, or milk imports. Adverse judgements in the cases could have very damaging consequences to national or sectional interests. In that event political or economic considerations might force the British Government into defying the council or the Community.

The present French action would become an obvious precedent.

Perhaps Mr. Walker's attack on the French over lamb is not as woolly as appears at first glance.

Cane refining pledge sought

BY CANUTE JAMES IN KINGSTON

THE SUGAR exporting countries of the African, Caribbean and Pacific (ACP) group are pressing the UK Government for guarantees that cane sugar refining capacity will be maintained at a level compatible with the 1.3m tonnes a year they sell under the sugar protocol of the Lome Convention.

Cane sugar producers are concerned about what they see as a negative reaction by the British Agriculture Ministry to an EEC Commission proposal for a reduction by 1.25m tonnes in the sugar quota of Member States.

Representatives of Barbados, Guyana, Jamaica, Trinidad and Tobago, St. Kitts-Nevis, Swaziland, Mauritius, Malawi and Kenya have said they are concerned at the rejection of the Commission's proposals by Mr. Peter Walker. They feel that if the UK's resistance to this quota reduction showed a determination by the UK Government to expand its domestic beet production, then it would be virtually impossible for the Community to honour effectively the provisions of the protocol under which it is committed to purchase a specific quantity of ACP sugar for an indefinite time.

ACP sugar producers are also worried about the plans of the British Sugar Corporation (BSC) to increase beet sugar production to 1.2m tonnes a year.

● Heavy and continuous rains over the past 10 days have caused flooding in many sugar cane fields in Mauritius and halted loading of last year's crop at port, Reuter reports.

On the London sugar terminal market yesterday the daily price was raised by £7 to £210 a tonne. The May position closed £2.6 up at nearly £218 a tonne.

Backing to ban whale products

By Our Commodities Staff

THE Nature Conservancy Council has backed conservationist calls for a total ban on EEC imports of whale products.

If adopted this would keep all whale oils, fats and meats out of the Common Market, plus products containing whale derivatives such as some cosmetics and leather goods.

Welcoming the Nature Conservancy's decision, which is contained in an unpublished report, the Friends of the Earth conservationist group said this would put more pressure on the UK Government to follow up its declared policy on banning whale products imports within the EEC.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on the London Metal Exchange. Forward metal rose to £1,240 on the pre-market, reflecting fresh speculative buying and the steadiness of the bullion price. Profit-taking developed in the rings and this pared the price to around £1,220 on the morning kerb. In the afternoon the price rose afresh to £1,230 before coming off sharply to £1,188 following news that Comex authorities are to limit positions in copper as from Monday. However, on the late kerb the price rallied strongly to close at £1,202. Turnover 20,925 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1198-9	—21.5	1213-15	—16
3 months	1209-11	—11	1225-6	—7
Settlem't	1199	—22	—	.....
Cathodes				
Cash	1147-9	—28	1166-9	—11.5
3 months	1178-80	—14	1194-6	—2.5
Settlem't	1149	—28	—	.....
U.S. Prod	—	.....	*113-23	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1195, 96, 97, three months £1225, 22, 20, 15, 12, 11, 10, 08, 09, 08, 06, 05, 07, 08, 09, 10. Cathodes, three months £1178. Kerb: Wirebars, three months £1210, 11, 12, 20, 18, 20, 21, 20. Afternoon: Wirebars, three months £1227, 30, 29, 28, 30, 29, 28, 27, 26, 27, 28, 29, 28, 25, 27, 26, 25. Cathodes, three months £1196. Kerb: Wirebars, three months £1215, 20, 18, 17, 12, 10, 05, 04, 02, 1200, 01, 1200, 1199, 93, 90, 88, 92, 95, 1200, 02.

TIN—Fell away following the decline on the Penang market and an easing in the nearby supply situation. Forward metal opened lower at £7,450 and dropped to £7,340 in the morning rings, reflecting modest selling in a thin market. Cash material was trading around £7,420 at this point. However, in the afternoon forward metal rallied to £7,390 on hedge buying against U.S. physical sales before easing again to close the late kerb at £7,360. Turnover 1,205 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7410-20	—240	7400-20	—185
3 months	7350-70	—157½	7350-70	—152½
Settlem't	7420	—240	—	......
Standard				
Cash	7410-20	—240	7400-20	—185
3 months	7350-60	—157½	7350-60	—152½
Settlem't	7420	—240	—	......
Straits E.	‡$2192	—28		......
NewYork	—	......		......

Morning: Standard, cash £7,420, 10, 20, three months £7,420, 7400, 7380, 60, 40, 50, 60. Kerb: Standard, three months £7350, 60, 50. Afternoon: Standard, three months £7380, 85, 80, 75, 90, 60. Kerb. Standard, three months £7350, 60, 70.

LEAD—Lost ground. After moving ahead on the pre-market to touch £515, reflecting the initial rise in copper forward material fell away on profit-taking to close the late kerb at £499. Turnover 8,600 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	500-1	—7.5	499-501	—15
3 months	498-9	—5	498-.5	—8.25
S'ment	501	—8	—	......
U.S. Spot	—	......	*50	......

Morning: Cash £496, 501, three months £502, 500, 01, 500, 498, 97, 95, 94, 96, 97, 98. Kerb: Three months £497. Afternoon: Three months £497, 96, 95, 97, 98, 99, 501, 498. Kerb: Three months £495, 96, 95, 99.

ZINC—Fractionally easier in quiet trading with lack of interest depressing forward metal from £369 on the early pre-market to £362 on the late kerb. Turnover 4,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	349-50	+1	348-5-9	—1.75
3 months	365-6	+5	363-4	—1
S'ment	350	+1	—	......
Primw'ts	—	......	*37.5	......

Morning: Cash £351, 50, three months £365, 68, 67, 67.5, 68, 66, 65. Kerb: Thre months £366. Afternoon: Three months £365, 64, 65, 66, 65, 64, 63, 62.

ALUMINIUM—Lower with the contango widening to around £16. A good two-day turnover saw forward metal approach the £920 level, at which point fairly heavy selling pressure was reported. Consequently the price eased back to close the late kerb around £912. Turnover 5,275 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	896-8	—4	899-900	—13.5
3 months	912-3	+10	913-4	—8

Morning: Late Jan. £900, three months £916, 17, 1, 19, 18, 15, 13. Kerb: Three months £914, 13. Afternoon: Cash £896, three months £915, 17, 16, 17, 18, 19, 13, 17, 16, 14, 12, 14. Kerb: Three months £913, 10, 12.

NICKEL—Firmer. Forward metal opened higher at £3,170 and moved ahead to £3,220 in the morning rings, reflecting the initial strength of copper. Thereafter the market came under pressure from profit-taking which caused the price to fall back to close the late kerb at £3,160. Turnover 786 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3070-90	+80	3065-75	+55
3 months	3185-95	+77.5	3180-90	+57.5

Morning: Three months £3220, 10, 15, 20, 05, 3200, 3180, 85, 90. Kerb: Three months £3200. Afternoon: Three months £3200, 3195, 90, 80. Kerb: Three months £3175, 65, 68.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

CORAL INDEX: Close 445-450 (—6)

COCOA

Unchanged at the opening, futures attracted a little buying during the morning, but eased again in the afternoon session to close little changed to Wednesday evening. Physicals continued to be largely ignored although near positions still trading spasmodically, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1453-54	+3.5	1457-48
May	1443-45	—2.5	1453-45
July	1460-52	—5	1462-51
Sep	1469-72	—7	1481-73
Dec	1498-500	—8.5	1510-1499
March	1518-30	—11	—
May	1545-55	—10	—

Sales: 1,87 (3,174) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price Jan. 23: 143.76 (141.61); indicator price Jan. 24: 15-day average 143.37 (143.01); 22-day average 143.77 (143.93).

COFFEE

Robustas opened with gains of between £10-£20, following some short-covering operations and local profit-taking after the recent downward trend, reports Drexel Burnham Lambert. Selling was somewhat mixed most of the day and generally on a scale-up basis during the afternoon from commission houses. Trade buying towards the close prompted a late rally as prices finished at the highs of the day, and with gains of up to £30.50.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
January	1475-80	+28.5	1475-50
March	1507-08	+27.0	1510-1490
May	1515-20	+29.0	1523-00
July	1535-37	+25.5	1538-23
Sept	1541-50	+34.0	1546-40
Nov	1544-46	+50.5	1546-40
January	1554-41	+16.5	1555.05

Sales: 8,433 (7,388) lots of 5 tonnes.

ICS Indicator prices for Jan. 23 (cents per pound). Other Mild Arabicas 158.00 (163.33). Robusta ICA 1976 157.00 (161.75). ICA 1968 157.25 (182.00). Unwashed Arabicas 213.00 (same). Comp. daily ICA 1968 179.33 (182.06).

GRAINS

LONDON GRAIN FUTURES — The market opened unchanged then increased in steady but thin trading conditions to 60 higher on old crop wheat, and 65.70 higher on old crop barley, where most of the volume was traded. New crops values eased on selling pressure but very little was traded. Wheat closed 10p down and barley unchanged to 5p lower on November, reported Acli.

	WHEAT		BARLEY	
M'nth	Yest'rdays close	+ or —	Yest'rday close	+ or —
Jan				
Mar.	99.90	+0.60	96.95	+0.65
May.	104.05	+0.50	100.95	+0.70
Sept.	96.75	+0.10	93.70	......
Nov.	100.30	+0.15	97.30	—0.05

Business done—Wheat: March 99.85-99.20, May 104.10-103.45, Sept. 96.75, Nov. 100.40-100.30. Sales: 90 lots of 100 tonnes. Barley: March 97.00-96.40, May 100.95-100.20, Sept. 93.70-93.65, Nov. 97.30. Sales: 194 lots of 100 tonnes.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Jan. 99, Feb. 102, March 103, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 94.50, March 95.50, transhipment East Coast. Maize: U.S./French, Jan. 117, Feb. 117.75, transhipment East Coast. Barley: English Feed fob, Jan. 99.00, Feb. 100.00 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 93.40, S. West 95.70, W. Midlands 93.60.

The UK Monetary Coefficient for the week beginning Monday, January 28 (based on HGCA calculations using day's exchange rates) is expected to decrease to 1.055.

RUBBER

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Feb.	80.25-81.75	81.60-82.50	—
Mar.	80.50-82.80	83.60-85.05	82.25-81.50
Apr-Jne	83.40-85.50	84.75-84.90	85.50-85.05
Jly-Sept	85.30-85.35	86.20-86.25	87.10-86.00
Oct-Dec	86.55-86.60	87.55-87.65	88.20-86.40
Jan-Mar	87.80-87.90	88.68-88.70	89.50-87.65
Apr-Jne	88.90-89.10	89.80-89.90	90.20
Jly-Sept	90.10-90.20	90.70-92.00	90.10-90.00
Oct-Dec	90.80-92.00	92.80-92.50	—

Sales: 837 (1,033) at 15 tonnes; 85 (38) at 5 tonnes.

Physical closing prices (buyer) were: Spot 80.25p (81.50p nom.); Feb. 77.50p (78.00p nom.); March 78.75p (79.50p nom.).

SILVER

Silver was fixed £1.29 an ounce higher for spot delivery in the London bullion market yesterday at £18.211. U.S. cent equivalents of the fixing levels were: Spot $41.5, up 3.022: three-month $40.297, up $1.889; six-month $40.009, up 1.79; and 12-month $40.897, up $2.744. The metal opened at £17.1-18.4 ($39-42) and closed at £16.65-18.00 ($38-41).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	1821.00p	+128.	1700p	......
3 months	1780.60p	+78.5	1695.p	+50.
6 months	1773.30p	+76.2	—	......
12months	1820.00p	+117.	—	......

LME—Turnover 386 (322) lots of 10,000 ozs. Morning: Three months 1,780, 75, 70, 80, 75, 80, 90, 1,800. Kerbs: Three months 1,780, 90, 80; close 1,780, 85. Afternoon: Three months 1,760, 50, 1,700, 10, 1,700, 05, 08, 1,700. Kerbs: Three months 1,660, 50; close 1,650, 60.

SUGAR

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales): April 212.00, 213.00, 210.00, 20; July 212.00, 222.00, nil, nil; Sept. 217.00, 224.00, nil, nil; Nov. 218.00, 225.00, 218.00, 6; Feb. 218.00, 228.00, 220.00, 6; April 218.00, 228.00, nil, nil; July 218.00, 228.00, nil, nil. Sales: 32.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	216.25-16.50	215.80-215.9	217.00-12.00
May	217.95-18.00	215.25-215.5	218.75-12.80
Aug	219.40-19.45	216.95-217.0	218.55-15.00
Oct	218.75-20.00	217.55-17.45	220.00-15.85

Sales: 7,502 (13,025) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 217.50, 218.00; Aug. 218.50, 218.70; Oct. 219.00, 219.50; Jan. 215.00, 217.00; Mar. 218.00, 219.50; May 217.00, 218.00. Sales 161 (923).

LONDON DAILY PRICE (raw sugar): £210.00 (£203.00) a tonne cif for Jan.-Feb.-March shipment. White sugar daily price was £210.00 (£206.00).

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for January 23: Daily price 19.43 (18.37): 15-day average 18.40 (18.11).

SOYABEAN MEAL

The London market opened steady with gains of 50p but with lack of follow-through, prices drifted, reported T. G. Roddick. Further trade selling developed as nearby premiums eroded and prices closed with losses of 50p-£1.00.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	120.00-23.0	+2.95	124.50-22.50
April	118.60-18.9	—0.65	120.00-18.70
June	118.50-18.8	—0.65	117.00-18.80
August	117.50-17.8	—0.45	118.20-17.70
October	115.80-15.8	—0.20	115.80-15.80
December	117.60-18.2	+0.10	—
February	121.00-21.2	—0.25	121.00

Sales: 42 (95) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo). May 410, 413, 400-398, 8; Aug. 415, 418, 415-410, 3; Oct. 415, 420, 416-412, 6; Dec. 413, 416, 416-412, 37; Jan. 413, 415, 415-412, 3; March 412, 416, 415, 30; May 415, 420, 415, 5; Aug. 415, 425, nil, nil. Sales: 82 lots of 25,000 kilos.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Micron Contract: March 472.0, 474.0, 479.0-467.0, 125; May 498.0, 500.0, 508.0-498.0, 468; July 518.0, 519.0, 529.0-510.0, 737; Oct. 511.0, 515.0, 518.0-510.0, 141; Dec. 511.0, 512.0, 520.0-510.0, 116; March 511.0, 513.0, 519.0-507.0, 52; May 510.0, 514.0, 513.0-508.0, 24; July 512.0, 515.0, 515.0-510.0, 9. Sales: 1,685.

After some initial hesitation, prices again moved ahead as good buying interest developed which absorbed substantial profit-taking. The market closed at the highs of the day some £5.00 above the low points, reported C. Czarnikow.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 24 1980	+ or —	Month ago
Metals			
Aluminium	£770/810	......	£760 70
Free Mkt (es)	$1650/1950	......	$1750/18
Copper			
Cash w'bar	£1,214	—15.0	£1004.5
3 mths	£1,225.5	—7	£1013.5
Cash Cathode	£1,167.5	—11.5	£982
3 mths	£1,195	—2.5	£996
Gold troy oz.	$705	+5	$511
Lead cash	£500	—15	£525.5
3 mths	£498.25	—8.25	£512.5
Nickel	£3,195.78	......	£3,280.17
Freemkt(cif (lb	305/338c	+7.5	270/310c
Platin'mtr'y oz	£189.0	......	£195
Free mkt.	£355.10	—20.65	£311.45
Quicksil'ver	$400/410	......	$375/380
Silver troy oz	1821.00p	+128.8	1255p
3 months	1780.60p	+78.5	1270p
Tin Cash	£7,410	—155	£7,470
3 mths	£7,355	—152.5	£7,280
Tungsten22.04lb	$138	......	$137.75
Wolfrm 22.04 lbs	$140/144	......	$128.5/134
Zinc cash	£348.75	—1.75	£335
3 months	£363.5	—1.0	£347.25
Producers	$760/825	......	$780
Oils			
Coconut (Phil)	$920t	......	$880
Groundnut	‡	......	‡
Linseed Crude	$418	......	£395
Palm Malayan	‡	......	$656
Seeds			
Copra Philip	$595	—5	$575
Soyabean(U.S.)	$286.25w	+4	$290.90
Grains			
Barley Futures	£100.95	+0.70	£97.05
Maize			
French No3AM	£117r	......	£120
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£94r	......	£108.50
Eng. Millingt	‡	......	‡
Other commodities			
Cocoa ship't	£1,505	—5	£1,869
Future May.	£1,444	—2.5	£1,508.5
CoffeeF't'rMar	£1,507.5	+27	£1,605
Cotton A.Index	89.45c	......	82.95c
Rubber (kilo)	80.25p	—0.75	65.50p
Sugar (Raw)	£210	+7	£182
Wooltp's 64s kl	290p kilo	+6	276p kilo

r Jan.-Feb. s Feb. v Feb.-March. t March-April. u April w May. z Indicator. § Buyer.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 1,004 tonnes, bringing the total for the week so far to 1,487 tonnes. Operators made up their minds that buying was the right thing to do, despite the very high cost of the raw material. Further purchases occurred in North American, African and Middle Eastern supplies.

★

HIDES—Manchester. Mostly unchanged. Second clear ox: 31-35.5 kilos, 47p (same); 26-30.5, 66.5p (56.5): 22-25.5, 66p (63). Light cows 60p (60p withdrawn).

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6.00, codlings £2.50-£4.40. Large haddock £4.70-£4.80, medium £4.10-£4.40, small £2.50-£3.20. Large plaice £4.30, medium £3.70-£3.90, best small £3.30-£4.20. Skinned dogfish (medium) £8.50. Saithe £3.50-£4.40.

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 63.0 to 67.0; Eire hindquarters 69.0 to 73.0, forequarters 46.0 to 49.0. Lamb: English small 54.0 to 60.0, medium 46.0 to 58.0, heavy 40.0 to 52.0; Scotch medium 46.0 to 56.0, heavy 40.0 to 52.0: Imported frozen: NZ PL New Season 50.0 to 51.0, NZ PM New Season 49.0. Pork: English, under 100 lbs 44.0 to 50.0, 100-120 lbs 39.0 to 49.0, 120-160 lbs 36.0 to 47.0.

MEAT COMMISSION—Average fatstock prices at representative markets on Jan. 24: GB cattle 80.29p per kg lw (+0.17); UK sheep 140.0p per kg est dcw (+4.6); GB pigs 66.6p per kg lw (—4.4).

AMERICAN MARKETS

NEW YORK, January 24.

GOLD AND silver closed lower on continued profit-taking. Copper finished sharply higher on President Carter's state of the union message. Grains and the soya complex traded lower on light volume due to long liquidation. The livestock complex closed higher with the exception of hogs due to a better tone to cash beef, and better user interest in bellies. Sugar closed strong on new buying interest. Cotton closed higher despite trade and commission house selling. Cocoa was firm on tightness in nearby supplies and coffee was firm on the refusal of the Ivory Coast to sell at present price levels, reported Heinold.

Coffee—"C" Contract: March 164.75-165.25 (162.47), May 171.00 (168.52), July 175.25, Sept. 177.40, Dec. 177.25, March 177.00, May 176.00.

Copper—Jan. 124.60 (118.50), Feb. 125.00 (119.60), March 126.30, May 127.00, July 127.50, Sept. 128.20, Dec. 129.00, Jan. 129.30, March 130.00, May 130.70, July 131.40, Sept. 132.10.

*Gold—Jan. 681.0 (680.0), Feb. 684.0 (734.0), March 697.0, April 711.0, June 736.4, Aug. 760.9, Oct. 785.8, Dec. 809.9, Feb. 823.2, April 836.5, June 849.8, Aug. 864.1, Oct. 881.1.

*Platinum—Jan. 800.0 (795.4), Feb. 818.0 (845.0), March ——, April 831.2, July 835.2, Oct. 844.6, Jan. 850.6, April ——.

Potatoes (round whites)—March 60.8 (same), April 66.5 (67.0), May 77.8, Nov. ——. Sales: 653.

¶Silver—Jan. 3650.0 (3750.0), Feb. 3800.0 (3900.0), March 3850.0, May 3900.0, July 3940.0, Sept. 3980.0, Dec. 4037.0, Jan. 4056.5, March 4093.5, May 4130.5, July 4167.5, Sept. 4204.5. Sales: ——. Handy and Harman bullion spot 3600.00 (3425.00).

Sugar—No. 11: March 20.63 (20.30), May 20.72 (19.93), July 20.80, Sept. 20.84, Oct. 20.81, Jan. 20.95, March 20.90, May 20.81.

Tin—785.00-810.00 asked (790.00-815.00).

CHICAGO, January 24.

Lard—Chicago loose 21.25 (same). New York prime steam unavailable.

Live Cattle—Feb. 63.77 (63.50), April 67.52 (66.60), June 70.10, Aug. 69.80, Oct. 68.87, Dec. 70.20, Jan. ——, Feb. ——.

Live Hogs—Feb. 40.27 (40.60), April 39.55 (39.65), June 42.57, July 43.80, Aug. 42.62, Oct. 42.60, Dec. 44.25, Feb. 46.05, April 44.75.

‡‡Maize—March 272½-272 (274¾), May 285¼-285½ (287¾), July 294¼-294½, Sept. 301¼, Dec. 309¾, March 321½.

Pork Bellies—Feb. 42.27 (41.45), March 42.97 (42.17), May 44.82, July 46.32, Aug. 46.07, Feb. 53.50, March ——, May ——, July ——, Aug. ——.

Silver—Jan. 3410.0-3500.0 (3700.0), Feb. 3825.0 (3905.0), March 3857.0, April 3892.0, June 3939.0, Aug. 3983.0, Oct. 4030.0, Dec. 4075.0, Feb. 4115.0, April 4160.0, June 4205.0, Aug. 4250.0, Oct. 4295.0, Dec. 4340.0, Feb. 4385.0, April 4437.2, June 4476.9, Aug. 4516.5.

‡Soyabeans—March 663-664 (672¼), May 684½-685 (694½), July 705½-705, Aug. 713½-713, Sept. 720, Nov. 731-731½, Jan. 748½, March 767.

‖Soyabean Meal—March 186.50-186.30 (189.00), May 191.00-190.70 (192.80), July 195.50-195.80, Aug. 198.50, Sept. 201.00-201.50, Oct. 202.50-203.00, Dec. 205.50-205.80, Jan. 206.50, March 209.00-210.00, May ——.

Soyabean Oil — March 23.70-23.72 (23.97), May 24.10-24.11 (24.36), July 24.50, Aug. 24.80, Sept. 25.00-25.05, Oct. 25.25, Dec. 25.65, Jan. 25.70-25.75, March 25.95-26.05, May ——.

‡Wheat—March 451-450½ (457), May 457¼-456½ (464¼), July 463-462, Sept. 473½, Dec. 492-491½, March 508½.

WINNIPEG, January 24. §Barley—March 116.00 (118.90), May 116.00 (117.90), July 114.50, Oct. 109.30.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 239.00 (same).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, January 24.

...Wheat—U.S. No. 2 Dark Hardwo

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Feb. $197, March $199. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Feb. $200, March $202. U.S. No. 2 Northern Spring, 14 per cent, Feb. $209, March $212, April-May $203, May-June $203, June-July $203.

Maize—U.S. No. 3 Corn Yellow afloat $132, Jan. $129, Feb. $128.50, March $131, April-June $137.50, July-Sept. $142, Oct.-Dec. $146.

Soyabeans—U.S. No. 2 Yellow Gulfports Feb. $271.50, March $275, April $281, May $283.50, June $289, July $291.75, Aug. $295.50, Sept. $297.50, Oct. $299, Nov. $299, Dec. $304.50, Jan. $308.25. Brazil Yellow Faq. unquoted. Argentine unquoted.

Soyameal—44 per cent protein U.S. afloat $254, Jan. $253, Feb. $249, March $248, April-Sept. $248. Brazil Pellets afloat $273, March $257.50, April-May $250, April-Sept. $254.

PARIS, January 24.

Cocoa (FFr per 100 kilos)—March 1332-40, May 1320-25, July 1320, Sept. 1330-55, Dec. 1340-65, March 1340-70. Sales at call nil.

Sugar (FFr per 100 kilos)—March 1965-70, May 1990-92, July 1995, Aug. 2002-05, Oct. 2020-33, Nov. 2020, Dec. 2030, March 2040. Sales at call 65.

INDICES

FINANCIAL TIMES

Jan 23	Jan. 22	M'nth ago	Year ago
304.18	301.63	closed	262.81

(Base: July 1, 1952=100)

MOODY'S

Jan. 23	Jan. 22	M'nth ago	Year ago
1399.0	1414.7	1276.6	1000.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 23	Jan. 22	Month ago	Year ago
Spot	437.30	432.80	424.28	374.43
F'tur's	441.35	438.15	431.60	370.02

(Average 1924-25-26=100)

REUTERS

Jan. 24	Jan. 23	M'nth ago	Year ago
1777.1	1769.8	1709.5	1503.8

(Base: September 18, 1931=100)

Sharp turnround after long tap exhaustion on debut leaves Gilts £1¼ down: leading Equities follow suit

DEALING DATES

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 14	Jan. 24	Jan. 25	Feb. 4
Jan. 28	Feb. 7	Feb. 8	Feb. 18
Feb. 11	Feb. 21	Feb. 22	Mar. 3

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The Gilt-edged market staged a remarkable change of direction during a session which began yesterday with the debut of both tap stocks and a feeling of euphoria following the immediate exhaustion of the longer issue at a full point above Wednesday's tender price; the shorter stock was activated, too, but at a level only slightly in excess of its tender price.

Investment funds was massed at the opening to the extent that buying orders for the new long stock, **Treasury** 12½ per cent "A" 2003-05 (£25-paid), were scaled down to 50 per cent. The Government broker sold his remaining supplies at £26, a level in excess of market estimates, and this proved to be the turning point for the market.

An unexpected *profit of £1 in* only 24 hours was too much of a temptation and aggressive stag selling ensued. From then onwards, the longs fell progressively in an uncertain climate which included further general profit-taking. Gains extending to ¾ were eventually replaced by losses ranging to 1¼ points and the new stock, after extremes of 26¼ and 24½, settled at 24¾ for a discount of ¼ on the 91½, £25-paid, issue price.

The authorities were also able to sell more of the short tap, **Exchequer** 13½ per cent 1983 (£60-paid), and later withdrew the price of 60¼. This sector soon followed the same pattern as the longs, however, and rises to ¾ were transformed into similar net falls by the close. The short tap ended at 59¾, or ¼ discount on the issue price of 96¾, £60-paid.

Leading equities made a promising start but ended on a dull note. Rumours which started late the previous evening about new moves to end the steel dispute proved to be unfounded. Leading shares, however, opened several pence higher anticipating a strong initial tone in Gilts and at the first count of the day the FT 30-share was 6.8 up.

But interest evaporated fairly quickly when Gilt-edged turned lower and gains in leading industrials were gradually eroded. An extension of the drab tone in trade after the official close often saw small losses appear and the closing index registered these with a net loss of 2.1 at 448.7 for a turnround of nearly nine points on the session.

Traded Options still recorded a relatively busy 711 contracts. Among the more energetic issues were **RTZ**, 166 trades, and **Land Securities**, 136.

Banks easier

After a firm start, the major clearing banks drifted lower on small offerings to close with falls ranging to 5. **Midland** ended that much down at 350p, after 360p, while **NatWest** gave up 4 to 348p, after 360p. Elsewhere, far-eastern influences prompted a rise of 9 to 189p in **Hong Kong and Shanghai**, still waiting for further news of the latter's bid approach. **Antony Gibbs** edged forward 2 to 74p. **Keyser Ullmann** picked up a similar amount to 68p and, in a thin market, **Arbuthnot Latham** added 7 to 205p. Hire Purchases encountered scattered support; **Wagon Finance** improved 2 to 39p as did **Lloyds and Scottish**, to 133p.

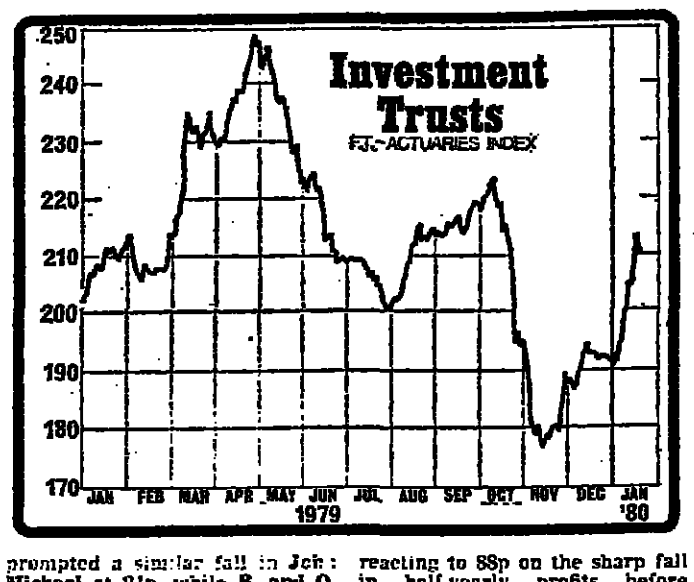
Insurances were inclined harder in places. **Hambro Life** added 5 to 131p and **Commercial Union** 4 to 145p.

Firm at the outset, Breweries soon reverted to lower levels in the absence of follow-through demand. **Bass** finished a penny off at 205p, after 207p, while **Scottish and Newcastle** closed 1½ cheaper at 59½p, after having rallied to 62p in earlier trading. Adverse Press comment prompted weakness in **Allied**, 2½ lower at 76½p, but **Davenports** responded to further takeover speculation and rose 5 to 152p. Among mixed Wines and Spirits, **Arthur Bell** lost 4 at 190p, but **Highland** rose 3 to 148p on hopes for an increase in Hiram Walker's 130p per share offer.

Speculatively supported late on Wednesday on hopes of a higher bid to counter Blue *Circle's offer, currently worth* 90p per share, **Armitage Shanks** lost 4½ to 90½p on profit-taking; **Blue Circle** held at 270p. Elsewhere in Buildings, **Magnet and Southerns** touched 168p before reverting to the overnight level of 163p as interest faded. **Taylor Woodrow**, on the other hand, held up well and closed 6 to the good at 342p. **Y. J. Lovell** put on 6 to 106p in response to the excellent annual profits while, in a thin market, **Burt Boulton** rose 20 to 210p following the interim statement. **Whatlings**, however, shed a penny to 20p on the annual loss. **Baggeridge Brick** added 3 to 54p and **Nottingham Brick** put on 10 to 390p. Certain housebuilders attracted small buying with **Federated Land and Building** a couple of pence higher at 61p and **Galliford Brindley** 1½ up at 63½p.

Early support for leading Chemicals soon evaporated. **ICI** touched 380p before settling a couple of pence cheaper on balance at 372p. **Fisons** ended 3 off at 284p, after 292p. **Hickson** *and Welch, a dull market of late* on the chairman's annual statement, rallied 3 to 163p

Adverse comment brought selling pressure to bear on **Grattan Warehouses** which touched 98p before closing 6 lower on balance at 100p. Persistent small offerings in an unwilling market



prompted a similar fall in **John Michael** at 24p, while **B. and Q. Retail** dipped 4 to 79p and others relinquished a few pence to 93p. **A. G. Stanley**, on the other hand, moved up 3 to 67p on the announcement that Berger Jenson had increased its stake in the company to nearly 12 per cent. **NSS Newsagents** put on 6 to 126p and **Martin the** *Newsagent added 4 to 194p in* sympathy, while **John Menzies** found support at 230p, up 5. With the exception of **UDS**, which hardened a penny to 75p, after 77p, the Store majors closed dull. Speculatively supported up to 144p initially, **House of Fraser** finished 3 off at 138p, while **Burton** "A," 234p, and **Mothercare**, 208p, declined 4 apiece. **Gussies** "A" softened 2 to 398p, as did **Marks and Spencer**, to 88p. In Shoes, **K** firmed 4 to 70p.

The sharp downturn in annual profits and the reduced dividend payment prompted marked weakness in **Muirhead** which fell away to 170p before staging a useful rally to close 15 off on balance at 215p. Hopes of early news of the bid approach from Racal stimulated fresh demand for **Decca** issues, the ordinary, 355p, and "A" 320p, rising 20 apiece; **Racal** were also supported and closed 13 to the good at 223p. Further demand lifted **United Scientific** 14 to 426p. Other good *spots in the Electrical sector in-*cluded **Unitech**, up 12 at 238p, and **Eurotherm**, 8 dearer at 308p. Among the leaders, **GEC** were relatively active and rose to 358p before settling only 2 higher on the day at 356p.

Davy Corporation provided the main feature in Engineerings, reacting to 88p on the sharp fall in half-yearly profits before settling at 90p for a fall of 16 on the day. Some early buying interest was shown in the leaders, but this soon faded and prices closed a few pence easier on balance. **GKN** ended 3 cheaper at 260p, after 266p, while **Hawker** touched 196p before ending 2 down at 188p. Elsewhere, **British Aluminium** responded to the proposed 6 per cent increase in aluminium prices with a rise of 7 at 240p. Revived demand lifted **Westland** 5 to 70½p, while **Neepsend**, awaiting next Monday's interim statement, firmed a similar amount to 45p. Irish-based **Jones Group** rose 4 to 66p and **Amalgamated Power** 3 to 68p, while occasional support left **Newman Tonks** a few pence harder at 67p.

Early support for leading Foods gave way to profit-taking and prices closed without much change on balance. **Fitch Lovell** hardened 2 to 85p, after 87p, in response to the better-than-expected interim statement and, despite the lower annual profits, **Watson and Philip** improved a penny to 40p. **Joseph Stocks** put on 6 for a two-day gain of 13 to 90p in a thin market on persistent bid rumours.

Revived speculative support lifted **Ladbroke** 6 to 148p, after 150p, ahead of the casino licence appeal due to be heard on February 27.

Rank Org. pleases

The better-than-expected preliminary profits provided a late fillip to **Rank Organisation** which improved from an already firm level of 193p to finish 20 up on balance at 208p, the shares of subsidiary **A. Kershaw** were also buoyed by good results and the proposed 300 per cent scrip issue and closed 2¾ points dearer at £13½. **Ferguson Industrial** rose 6 to 80p in response to the sharp jump in third-quarter profits and **Cowan De Groot** firmed 4 to 64p following the record interim earnings. After opening sharply lower at 460p, **Sothebys** encountered renewed U.S. demand on vague bid suggestions and finished a net 10 up at 485p. Still reflecting Felixstowe Dock's £2.7m expansion programme, **European Ferries** put on 4 afresh to 110p. Revived speculative demand lifted **Booker McConnell** 7 to 287p, while improvements of 12 and 9 respectively were seen in **Jardine Matheson**, 161p, and **ICL**, 496p. A dull market of late on suggestions that the company might bid for Weeks Petroleum, **National Carbonising** picked up 6 to 124p. **Dalgety** added 6 to 292p, as did **William Baird**, to 164p. **Macarthys Pharmaceuticals**, however, fell 8 to 107p following the interim profits contraction and **Denbyware** dipped 5 more to 100p on further consideration of the first-half profits setback.

Management Agency and Music put on 7 to 123p on second thoughts about the chairman's annual statement. Elsewhere in the Leisure sector, **Saga** added 5 to 199p in response to favourable Press comment.

Appleyard continued to respond to speculative buying and touched 82p before settling for a gain of 5 at 79p. **Caffyns** added a few pence to 143p for a similar reason, while **Henlys** closed 3 up at 98p on further consideration of Wednesday's preliminary statement. Motor Components were irregular; **Lucas** eased 6 to 248p, but buyers came for **Dowty**, 174p, and for **Flight Refuelling**, 211p, up 10 and 4 respectively.

Firm at the outset, leading Properties steadily lost early gains on lack of follow-through support and subsequent profit-taking. **Land Securities** finished just a couple of pence up at 280p, after 288p, while **MEPC** closed only a penny better at 179p, after 182p. **Hammerson A**, on the other hand, maintained a gain of 20 at 805p. **Greycoat Estates** responded to the interim statement with a gain of a couple of pence to 115p, after 193p, **Westminster Properties** became a good *market and put on 2 to 33p.* **Bradford** firmed 10 to 152p in a thin market.

Siebens (UK) good

Siebens (UK), up 38 at 814p on fresh speculative demand provided the main feature in Oils; the development plan for the Brae Field in which Siebens has a stake was approved yesterday. Elsewhere, **Cabridge Petroleum** were good at 240p, up 25p, while **Cluff**, 440p, and **Woodside**, 128p, advanced 10 and 8 respectively. **Tricentrol** touched 276p before settling only 2 higher on balance at 268p. Among the leaders, **British Petroleum** closed a few pence easier at 340p, but **Shell** ended 4 up at 332p, after 336p.

Among Overseas Traders, speculative interest lifted **S. and W. Berisford** 5 to 152p, while **Boustead** were again wanted and closed 4 better at 53p for a three-day gain of 13. **Inchcape** held at 348p, after touching 351p earlier in response to the interim results, while **Australian Agricultural** added 5 to 132p on the company's indications of substantially higher annual profits.

Trusts made useful progress while, in Financials **Akroyd and Smithers** firmed 8 to 240p helped by Press comment and renewed activity in Gilt-edged.

Golds rally

The three-day decline in South African Golds was arrested yesterday as another steady performance by the bullion price—finally $5 up at $705 — prompted renewed confidence.

Prices moved ahead steadily throughout the day with trading much quieter than in the past couple of weeks. After-hours' trading saw modest American support evident but this soon petered out to leave prices a fraction below the day's best.

The Gold Mines index, at 320.7, recouped 9.1 of the 48.8 lost over the previous three days.

Demand was mainly directed towards the marginal producers where gains ranged from 17 to 30 in issues such as **Bracken**, 175p, **Grootvlei**, 355p, **Marievale**, 180p, **Sallies**, 318p, and **Wit. Nigel**, 123p.

The firmness of the bullion price encouraged a good two-way business in **Gold Fields**, which advanced 6 to 448p. **Selection Trust** climbed 25 to 655p and **Rio Tinto-Zinc** 4 to 382p reflecting the strength of the Australian market. **Charter**, on the other hand, were only a penny harder at 148p, after 152p.

Australians registered widespread gains in line with the strong performance of overnight Sydney and Melbourne markets.

Western Mining were outstanding and finally 20 to the good at 232p on consideration of the discovery of further significant mineralisation at the Olympic Dam copper-uranium prospect in South Australia.

The sharp rise in Western Mining prompted a 45 gain in **BH South** to a 1979-80 high of 255p, while other leading base-metal producers showed **Bougainville** 8 up at 168p, **Conzinc Riotinto** 16 firmer at 274p, **MIM Holdings** 14 to the good at 294p and **Peko-Wallsend** 25 better at 435p.

FINANCIAL TIMES STOCK INDICES

	Jan. 24	Jan. 23	Jan. 22	Jan. 21	Jan. 18	Jan. 17	A year ago
Government Secs.	68.52	68.83	68.75	69.26	68.53	68.30	68.47
Fixed Interest	69.51	69.41	69.42	69.61	68.99	68.80	69.58
Industrial	448.7	448.4	449.8	457.7	459.8	450.8	461.9
Gold Mines	320.7	350.8	318.6	362.5	360.4	359.0	171.0
Ord. Div. Yield	7.34	7.31	7.27	7.15	7.14	7.26	6.24
Earnings, Yld. % (full)	18.08	18.08	18.07	17.77	17.72	18.02	16.33
P/E Ratio (net) (*)	6.79	6.82	6.80	6.91	6.93	6.83	7.94
Total bargains	23,058	23,515	24,657	26,711	29,778	26,318	—
Equity turnover £m.	—	107.68	173.80	153.62	181.57	159.97	72.48
Equity bargains total	—	16,738	19,863	22,508	20,096	19,630	11,876

10 am 457.6. 11 am 455.1. Noon 453.8. 1 pm 451.7.
2 pm 450.9. 3 pm 450.6.
Latest Index 01-246 8026.
*Nil=6.55.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979-80 High	1979-80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (4/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	360.4 (18/1/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/6/40)

S.E. ACTIVITY

	Jan. 24	Jan. 23
—Daily		
Gilt Edged	150.9	136.5
Industrials	116.9	117.1
Speculative	93.4	131.2
Totals	87.5	91.6
5-d'y Av'r'ge		
Gilt Edged	146.9	147.8
Industrials	134.5	140.1
Speculative	130.9	147.8
Totals	100.8	105.9

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	26	8	—	—	—	—	340p
BP	375	17	36	—	—	—	—	"
BP	390	—	—	34	20	—	—	"
BP	400	10	47	—	—	—	—	"
Com. Union	130	23	4	28	—	33	—	148p
Com. Union	140	15	5	20	—	25	—	"
Cons. Gold	360	109	1	127	—	—	—	449p
Cons. Gold	390	85	1	106	—	—	—	"
Cons. Gold	420	63	1	86	2	105	—	"
Cons. Gold	460	44	50	64	3	84	—	"
Cons. Gold	500	26	6	47	—	—	—	"
GEC	330	51	4	59	—	83	—	358p
GEC	360	31	...	49	6	63	1	"
GEC	390	17	5	34	—	—	—	"
Grand Met.	160	4	2	8½	7	—	—	157p
ICI	360	28	9	43	—	55	—	375p
ICI	390	12	7	27	—	38	—	"
Land Secs.	280	28	15	36	—	47	—	281p
Land Secs.	300	17	70	24	—	38	—	"
Land Secs.	330	6	31	14	20	—	—	"
Marks & Sp.	70	22	—	25	4	—	—	88p
Marks & Sp.	80	14	7	17	—	21	—	"
Marks & Sp.	90	7½	--	11	8	15	—	"
Marks & Sp.	100	4	2	6½	10	10	—	"
Shell	330	27	20	38	1	48	—	332p
Shell	360	13	52	24	—	—	—	"
Shell	390	6	21	11	3	—	—	"
Totals			404		83		1	
		February		May		August		
Imperial Gp.	80	2	--	3½	3	6½	—	77p
Racal Elec.	200	27	10	40	8	48	2	222p
Racal Elec.	220	11	28	28	6	37	—	"
RTZ	300	91	—	109	6	117	—	383p
RTZ	330	61	1	84	—	97	6	"
RTZ	360	34	4	66	52	76	—	"
RTZ	390	19	37	46	2	62	—	"
RTZ	420	11	52	26	16	42	10	"
Totals			112		95		18	

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (34)

BRITISH FUNDS (1)
Treasury 9pc 1980
LOANS (1)
ICFC 9ocA 1991-94
AMERICANS (2)
Conoco Shell Oil
Rockwell
BANKS (3)
Arbuthnot Latham Mercantile
Macallan-Glenlivet
BUILDINGS (2)
Baggeridge Brick Nottingham Brick
Burt Boulton
ELECTRICALS (1)
United Scientific
ENGINEERING (1)
Jones Group
FOODS (3)
Assoc. Brit. Foods Stocks (Joseph)
Fitch Lovell
INDUSTRIALS (3)
Cape Inds. Sothebys
Ferguson Ind.
MOTORS (1)
Caffyns
PAPER (1)
Eucalyptus
PROPERTY (1)
HK Land
SHIPPING (1)
Fisher (J.)
TRUSTS (2)
Akroyd & Smithers Majedie Invs.
OILS (3)
Cambridge Pet. Texaco 4½pc Conv.
Gas & Oil Acreage Ultramar
Siebens (UK)
OVERSEAS TRADERS (1)
Mitchell Cotts
RUBBERS (2)
Bertam Cons. Castlefield
TEAS (1)
Lunuva

NEW LOWS (14)

AMERICANS (2)
First Chicago Woolworths
STORES (2)
Amber Day Vantona
ELECTRICALS (1)
Muirhead
ENGINEERING (2)
Danks Gowerton Davy Corp.
FOODS (1)
Needlers
INDUSTRIALS (3)
Courtney Pope Prestige Group
Inter-C.B. United Guarantee
Lonrim
TEXTILES (1)
Atkins Bros.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	75	11
Corpns. Dom. and Foreign Bonds	15	5	45
Industrials	376	254	874
Financial and Prop.	235	27	236
Oils	29	3	10
Plantations	1	7	30
Mines	88	13	47
Others	71	22	69
Totals	823	306	1,302

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Jan. 24, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Jan. 23 Index No.	Tues., Jan. 22 Index No.	Mon., Jan. 21 Index No.	Fri., Jan. 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	230.94	+0.5	18.85	6.76	6.70	229.71	229.74	232.48	231.45	227.66
2	Building Materials (27)	222.26	+0.7	17.70	7.05	7.25	220.67	219.87	224.22	221.16	201.86
3	Contracting, Construction (29)	347.90	+0.9	26.53	6.96	4.66	344.76	346.34	350.58	348.70	342.72
4	Electricals (15)	587.31	+0.8	13.79	4.23	9.67	582.62	580.95	585.26	587.02	533.19
5	Engineering Contractors (11)	285.48	-2.7	27.16	8.97	4.71	293.47	294.31	296.78	296.72	353.62
6	Mechanical Engineering (74)	161.86	+0.6	21.23	8.01	5.82	160.86	160.74	162.32	161.71	177.43
8	Metals and Metal Forming (16)	158.66	—	21.02	9.57	5.72	158.69	159.85	162.47	161.19	158.71
11	CONSUMER GOODS (DURABLE) (50)	213.73	+1.8	16.70	5.71	7.40	210.01	209.23	209.78	209.07	203.59
12	Lt. Electronics, Radio, TV (15)	298.09	+2.8	12.99	4.36	9.88	287.18	286.58	286.25	285.33	259.72
13	Household Goods (14)	113.47	-0.2	26.67	9.55	4.54	113.68	114.59	114.23	114.64	163.51
14	Motors and Distributors (21)	112.81	-0.2	23.82	8.27	4.95	113.03	111.99	113.35	113.74	115.60
21	CONSUMER GOODS (NON-DURABLE) (173)	221.29	-0.3	18.22	6.83	6.76	222.23	222.33	226.99	226.65	205.67
22	Breweries (14)	264.21	-1.3	17.03	6.72	6.87	263.62	265.29	273.64	273.08	226.29
23	Wines and Spirits (6)	313.61	-0.7	27.31	5.91	7.13	315.91	318.00	327.79	321.09	291.48
24	Entertainment, Catering (17)	299.83	+0.4	18.62	6.98	6.76	298.51	297.75	307.55	310.41	270.29
25	Food Manufacturing (19)	202.03	+0.3	20.06	7.21	6.16	201.42	202.30	205.38	205.21	194.76
26	Food Retailing (15)	318.29	+0.3	12.94	4.65	9.24	317.46	315.57	322.30	321.90	255.17
32	Newspapers, Publishing (13)	427.53	+0.5	23.32	7.03	5.90	425.56	426.06	432.54	427.83	378.70
33	Packaging and Paper (15)	124.62	-0.1	23.09	9.11	5.38	124.72	124.83	126.72	125.89	131.38
34	Stores (43)	217.34	-0.8	24.16	5.24	9.13	219.07	217.87	222.12	221.07	190.10
35	Textiles (25)	130.41	+0.2	28.24	12.46	4.48	130.17	129.45	132.33	132.61	174.27
36	Tobacco (3)	217.29	+0.5	26.42	10.26	4.30	216.71	216.68	221.33	221.71	236.45
37	Toys and Games (6)	43.37	-0.4	37.74	16.51	3.34	43.54	43.66	43.85	43.62	89.37
41	OTHER GROUPS (97)	201.34	+0.8	15.44	6.70	7.78	199.71	199.39	203.03	202.29	192.00
42	Chemicals (17)	294.83	-0.3	16.68	6.84	6.92	295.70	295.39	299.75	299.75	273.27
43	Pharmaceutical Products (7)	211.12	+1.0	12.06	6.05	10.11	208.97	206.89	210.49	209.91	236.66
44	Office Equipment (6)	125.47	+7.0	16.95	7.39	7.29	108.85	109.40	110.86	109.15	127.65
45	Shipping (10)	433.13	+1.2	12.22	7.46	10.44	427.82	429.56	432.46	432.16	405.77
46	Miscellaneous (57)	237.67	+0.6	16.75	6.63	7.57	236.24	236.77	241.25	240.19	209.20
49	INDUSTRIAL GROUP (492)	229.51	+0.3	17.65	6.70	7.01	228.77	228.68	233.44	227.78	214.49
51	Oils (8)	698.15	+0.1	16.30	6.83	6.72	697.18	700.97	720.74	714.28	499.62
59	500 SHARE INDEX	263.07	+0.3	17.34	6.72	6.95	262.28	262.51	268.76	266.54	238.17
61	FINANCIAL GROUP (117)	181.94	+0.4	—	5.91	—	181.16	181.76	182.74	181.74	182.26
62	Banks (6)	219.98	-0.8	37.81	5.91	3.38	221.72	224.92	229.61	226.46	202.02
63	Discount Houses (10)	243.27	+0.1	—	8.37	—	243.01	240.49	240.14	239.59	212.06
64	Hire Purchase (5)	184.64	+1.3	18.15	6.51	7.13	181.88	182.86	184.58	182.52	165.95
65	Insurance (Life) (10)	161.04	+0.9	—	6.53	—	159.67	159.89	162.52	159.71	130.89
66	Insurance (Composite) (9)	128.64	+0.9	—	7.55	—	127.49	127.77	130.56	128.66	117.75
67	Insurance Brokers (10)	293.99	-0.1	16.80	6.67	8.55	294.28	294.98	299.96	299.52	295.11
68	Merchant Banks (14)	98.34	+0.5	—	6.05	—	97.88	98.31	98.52	98.26	79.57
69	Property (44)	346.28	+1.6	3.81	3.18	37.63	340.84	341.48	347.87	346.15	267.84
70	Miscellaneous (9)	128.45	+0.7	16.18	7.16	8.12	127.50	129.86	128.82	128.82	113.75
71	Investment Trusts (109)	211.99	+0.7	—	5.85	—	210.52	211.96	212.66	210.25	199.49
81	Mining Finance (4)	127.19	+1.4	22.51	6.72	5.96	125.54	125.49	129.51	129.62	133.74
91	Overseas Traders (20)	380.49	+1.1	12.94	6.90	9.42	376.35	377.61	383.11	377.82	317.35
99	ALL-SHARE INDEX (750)	246.12	+0.4	—	6.45	—	245.18	245.64	249.91	248.89	219.97

FIXED INTEREST PRICE INDICES

	British Government	Thur., Jan. 24	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	102.55	-0.13	—	0.65
2	5-15 years	106.35	-1.07	0.33	1.08
3	Over 15 years	113.98	-1.16	0.18	0.42
4	Irredeemables	113.65	-0.61	—	0.00
5	All stocks	106.97	-0.77	0.15	0.78

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thur., Jan. 24	Wed., Jan. 23	Year ago (approx.)
1	Low Coupons	5 years	11.97	11.85	10.22
2		15 years	11.97	11.85	11.99
3		25 years	11.96	11.85	12.79
4	Medium Coupons	5 years	14.22	13.96	12.51
5		15 years	13.99	13.66	12.58
6		25 years	13.45	13.27	13.05
7	High Coupons	5 years	14.57	14.42	13.50
8		15 years	14.05	13.85	12.95
9		25 years	13.60	13.49	13.22
10	Irredeemables		11.83	11.89	11.93

		Thurs., Jan. 24 Index No.	Yield %	Wed., Jan. 23	Tues., Jan. 22	Mon., Jan. 21	Friday Jan. 18	Thurs. Jan. 17	Wed. Jan. 16	Tues. Jan. 15	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	50.94	14.82	50.88	50.87	50.87	50.65	50.81	49.92	49.82	54.20
16	Investment Trust Prefs. (15)	47.96	14.06	47.96	47.91	47.83	47.78	46.92	47.00	47.00	50.76
17	Coml. and Indl. Prefs. (20)	62.01	14.45	62.01	61.96	61.96	61.81	61.68	62.14	61.89	71.49

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
GEC	25p	10	356	+ 2	456	311
Shell Transport	25p	10	332	+ 4	402	278
Cons. Gold Fields	25p	9	448	+ 6	482	178
Grand Met.	50p	9	136	− 1	178½	110½
Lonrho	25p	9	102	+ 2	109	62
RTZ	25p	9	382	+ 4	410	226
Racal Electronics	25p	8	223	+13	276	168½
Armitage Shanks	25p	7	90½	− 4½	95½	44
European Ferries	25p	7	110	+ 4	183	92
Inchcape	£1	7	348	—	352	260
LASMO	25p	7	378	+ 4	398	124
MFI Furniture	10p	7	83	+ 2	89	27
Plessey	50p	7	122	+ 2	131	101
Tesco Stores	5p	7	71½	− 1	82	51½
Whitbread "A"	25p	6	138	− 1	148	96

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 21	Feb. 1	Apr. 24	May 6
Feb. 4	Feb. 15	May 8	May 19
Feb. 18	Feb. 29	May 9	Jun. 9

For rate indications see end of Share Information Service

Money was given for the call in Premier Oil, Carrington Viyella, Marlborough Properties, BP, Audiotronic, Lonrho, Shell Transport, ICI, Tube Investments, FNFC, Thorn Electric, GEC, Land Securities, Weir Group, Town and City, Greencoat Properties, Grand Metropolitan, Britannia Arrow, East Rand fontein and William Press. No puts were reported, but double options were transacted in Charterhall and BSR.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	48.9	51.7	+0.6	1.95
Abbey Capital	35.3	38.2	+0.5	5.74
Abbey General	46.1	49.3	+0.6	5.96
Abbey Gilt & F.I. Tst.	103.4	110.0	+0.4	4.54
Abbey Income	40.7	44.0	+0.5	8.67
Abbey Intl. Bd. Tst.	94.2	98.6	+0.2	5.58
Abbey Inv. Tst. Fnd.	35.4	38.3	+0.4	6.30
Equitas Prog. Trust	68.3	73.8	+1.0	5.85

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	91.3	96.2	+0.7	13.11

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	74.6	79.8	+1.0	6.02
Brit. Inds. Fund	67.9	72.7	+0.9	6.18
Growth & Income	40.0	42.8	+0.9	5.89
Elect. & Ind. Dev.	36.7	39.3	+0.6	5.34
Allied Capital	74.9	80.1	+1.0	5.37
Hambro Fund	114.8	122.8	+1.6	5.99
Hambro Acc. Fund	140.8	150.6	+2.2	5.35
Income Funds				
High Yield Fd.	69.6	74.5	+0.6	9.66
High Income	68.5	73.3	+0.7	8.05
A. H. Eq. Inc.	39.5	42.3	+0.4	8.29
International Funds				
International	28.3	30.3	+0.4	2.65
Pacific Fund	43.9	47.0	+0.7	2.63
Secs. Of America	60.0	64.2	+0.5	2.18
Specialist Funds				
Smaller Co.'s Fd.	46.7	50.0	+0.1	4.70
2nd Smlr. Co's Fd.	56.0	59.9	+0.2	4.51
Recovery Sits.	111.9	119.7	+1.3	6.47
Met. Min. & C'dty.	55.2	59.1	+1.0	4.99
Overseas Earnings	57.0	61.0	+0.9	5.55
Exempt Funds				
Far East Exempt	52.0	54.1	+0.5	3.27
Smaller Co. Exempt	72.3	75.9	+0.3	5.14
U.S.A. Exempt	106.3	110.5	+1.7	3.17

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

[illegible]

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Jan. 10	183.9	190.0	----	6.21

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	16.8	18.4	----	6.26
Gt. Winchester O'seas	19.6	21.0	----	2.52

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-499 3211

Emson Dudley Tst.	69.6	74.4	----	6.80

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	73.9	77.7	+1.2	5.12

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	26.6	28.1	+0.6	1.0
Fixed Interest	25.1	26.5	----	12.6
Growth + Income	28.3	29.8	+0.3	7.80
Special Sits.	28.1	29.6	+0.5	3.00

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	26.4	28.4	----	2.20
Accum. Units	32.1	34.5	----	2.20
J. Finlay High Income	32.7	35.2	----	8.42
J. Finlay Euro.Fin.	23.2	24.9	----	4.25
Accum. Units	28.7	30.8	----	4.25
J. Finlay Fd.In.Tst.	30.9	33.2	----	5.76
Accum. Units	37.3	40.1	----	5.76

Prices on Jan. 23. Next dealing Jan. 30.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	52.6	55.8	----	1.31
American Turnaround	52.4	55.7	----	2.00
Capital Tst.	51.8	55.0	+0.4	4.92
(Accum. Units)	51.8	55.0	+0.4	4.92
Income Tst.	56.4	58.6	+0.4	8.55
Int. Growth Fd.	43.4	46.0	+0.4	2.19
(Accum. Units)	45.8	48.6	+0.4	2.19

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	48.3	51.6	+0.2	4.93
Do. Accum.	66.4	71.0	+0.1	4.93

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Jan. 17	111.0	113.7	----	5.10
Gross Inc. Jan. 17	72.9	75.2	----	11.03
High Yield Jan. 17	85.3	88.2	----	10.24

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	114.5	121.8	----	3.30
Do. Acc.	142.2	151.2	----	3.30

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS

1979-80 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
53	22	Antofagasta Rly.	53	......	—	—
52	37	Do. 5pc Pref.	50xd	......	—	—
98	98	Chilean Mixed	98	......	—	3.39
65	18	Chinese 4½pc 1898	57	......	—	—
50	21	Do. 5pc 1912	44	......	—	—
28	13	Do. 5pc 1913	22	......	—	—
27	10	Do. 5pc 1925 Boxer	17½	......	—	—
430	400	German Yng. 4½pc.	430xd	......	4½	—
52	35	Greek 7pc Ass.	35	......	3½	10.52
51	34	Do 6pc 28 Stab. Ass.	35	......	6	10.88
42	32	Do 4pc Mixed Ass.	34	......	4	7.28
54	42	Hung. '24 Ass.	53	......	—	5.33
68	55	Iceland 6½pc '83-88	55	......	—	15.80
90½	78½	Ireland 7½pc '81-83.	84xd	+2¼	7½	13.51
87½	69	Do 9¾pc '91-96.	79	......	9¾	13.52
390	220	Japan 4pc '10 Ass	225xd	–5	—	—
73	62	Do 6pc '83-88	68xd	......	6	8.82
160	135	Peru Ass. 3pc	155	......	3	2.00
$99	$75	S.G.I. 6½pc 1980	$90	......	6½	7.22
$94½	$92	Turin 9pc 1991	$92	......	9	9.78
DM92	DM91	Turin 6½pc 1984.	DM92	......	6½	8.85
97	95	Uruguay 3½pc.	96	......	3½	3.80

AMERICANS

1979-80 High	Low	Stock	£	+ or –	Div. Gross	C'vr	Y'ld Gr's
23⅞	11¼	ASA	20⅞	+½	$2.40	—	5.2
59	30	AMF 5% Conv. '87	30	......	5%	—	f9.9
21¼	14⅝	Abbott Labs.	17¼xd	+¼	$1.00	—	—
25⅞	17	Amax $1	22¼	+⅞	$2.40	—	4.9
23½	13⅛	American Express	13⅞xd	......	$1.80	—	5.8
19½	10½	American Medical Int.	14½xd	–½	80c	—	2.5

BRITISH FUNDS

CANADIANS

BANKS AND HIRE PURCHASE

COMMONWEALTH & AFRICAN LOANS

LOANS

BANKS & HP—Continued

Hire Purchase, etc.

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CHEMICALS, PLASTICS—Cont.

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CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
430	97	Coronation	400	+30	Q54c	2.2	7.7
675	132	Falcon Rh.50c	660	+20	Q100c	1.7	10.4
48	11	Rhod'n Corp. 16⅔p	43	......	0.56	6.5	1.9
267	70	Roan Cons. K4	237	−3	Q0.125	ϕ	3.2
67	26	Wankie Col. Rh.1	59	−1	Q9c	1.5	10.5
57	9	Zam.Cpr.SBD0.24	47	−1	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	25	......	—	—	—
18	4	ACM 20c	16	......	—	—	—
91	50	Bond Corp.	91	......	Q3.75	2.2	2.1
173	100	Bougainville 50 Toea	168	+8	†Q15c	1.0	4.7
255	84	BH South 50c	255	+45	♦—	—	—
23	8	Carr Boyd 20c	23	......	—	—	—
£25	340	Central Pacific	£23½	+2½	—	—	—
318	170	Conzinc Riotinto 50c.	274	+16	NQ10c	2.0	1.9
36	14	Cultus Pacific N.L.	22	......	—	—	—
*44	2½	Eagle Corp. 10c	42	+4	—	—	—
22	11	Endeavour 20c	22	+1½	—	—	—
228	62	G. M. Kalgoorlie 25c	208	+4	Q3c	—	0.7
305	148	Hamptn Areas 5p.	285xd	+5	3.5	2.8	1.8
75	20	Haoma Gold N.L.	30	−2	—	—	—
71½	25	Metals Ex. 50c	66	+3	—	—	—

TINS

COPPER

190	56	Messina R0.50	275	+10	Q10c	ϕ	3.3

MISCELLANEOUS

81	54	Barymin	65	+2	—	—	—
14½	10	Burma Mines 17½p	13	......	—	—	—
460	170	Cons. Murch. 10c.	490	......	Q100c	ϕ	14.3
585	280	Northgate C$1	510	+25	—	—	—
410	226	R.T.Z.	332	+4	†11.5	3.4	4.3
31	12	Pobart Mines	22	......	—	—	—
65	26	Sabina Inds. C$1.	38	+2	—	—	—
880	470	Tara Exptn. $1	550	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♠ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 32

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......
Bertam	16	......
Bdg'wtr. Est. 50p	365	+5
Clover Croft	58	......
Craig & Rose £1	£10½	......
Dyson (R. A.) A	12	......
Fife Forge	39	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	925	+50
Higsons Brew	79	−1
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	180	......
Pearce (C. H.)	365	......
Peel Mills	34	+1
Sheff. Refrshmt	93	......
Sindall (Wm.)	165	......

IRISH

Conv. 9% '80/82	£86	......
Nat. 9¾% 84/89	£71⅝	......
Fin. 13% 97/02	£85⅝	......
Alliance Gas	66	......
Arnott	340	......
Carroll (P.J.)	56	......
Clondalkin	90	+5
Concrete Prods.	85xd	......
Heiton (Hldgs.)	35	......
Ins. Corp.	200	......
Irish Ropes	66	......
Jacob	35	......
T.M.G.	125	......
Unidare	82	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	8	"Imps"	7	Utd. Drapery	9
BOC Intl.	6	I.C.L.	45	Vickers	14
B.S.R.	5	Inveresk	5	Woolworths	6½
Babcock	12	Ladbroke	15	**Property**	
Barclays Bank	30	Legal & Gen.	14	Brit. Land	7
Beecham	13	Lex Service	10	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	25
Boots	17	"Lofs"	3½	MEPC	17
Bowaters	16	London Brick	6	Peachey	13
B.A.T.	25	Lucas Inds.	20	Samuel Props.	12
Brown (J.)	7	"Mams"	14	Town & City	2
Burton 'A'	22	Mrks. & Spncr	9		
Cadburys	5½	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	28
Debenhams	8	Nat. West. Bank	32	Burmah Oil	15
Distillers	21	P & O Dfd.	9	Charterhall	6½
Dunlop	5½	Plessey	10	KCA	6½
Eagle Star	14	Racal Elect.	20	Premier	4½
F.N.F.C.	1¾	R.H.M.	4½	Shell	28
Gen. Accident	21	Rank Org.	18	Tricentrol	27
Gen. Electric	30	Reed Intnl.	17	Ultramar	32
Glaxo	40	Sears	5½		
Grand Met.	12	Tesco	7	**Mines**	
G.U.S. 'A'	30	Thorn	25	Charter Cons.	18
Guardian	23	Trust Houses	14	Cons. Gold	40
G.K.N.	22	Tube Invest.	27	Lonrho	9
Hawker Sidd	16	Unilever	40	Rio T. Zinc	35
House of Fraser	12	U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES

Friday January 25 1980

CREDIT SCHEME LAPSED, EXCHANGES LIMITED

UK measures against Russia

BY RICHARD EVANS, LOBBY EDITOR

BRITAIN'S CAMPAIGN of retaliation against the Soviet Union, following the invasion of Afghanistan, will include ending preferential credit agreements, and curtailing Ministerial contacts and many cultural exchanges.

Lord Carrington, Foreign Secretary, told Parliament that similar action by other Western nations would help make the Russians understand they could not break the rules of international behaviour with impunity, either now or in the future.

The Foreign Secretary also outlined proposals to counter Soviet influence in the Middle East, by giving further help to Pakistan to tackle its political, economic and military problems, and to seek closer co-operation with Turkey and the countries of the Arab peninsula.

But it was clear that Ministers were anxious not to follow the past in isolation from the UK's allies — and commercial rivals. Lord Carrington stressed that while it was right that the Russians should feel the strength of British disapproval, it was also right that where possible: "We should continue the search for arms control agreements, commercially justified trade, and other arrangements of mutal benefit."

The measures received a broad welcome from the Opposition front bench—except for the continuing attempt to remove the Olympic Games from Moscow, which Labour leaders regard as likely to backfire to the advantage of the Russians—but it was strongly criticised by many Conservative backbenchers for its lack of bite.

The measures, announuced yesterday following a Cabinet meeting when Lord Carrington reported on his extensive tour of the region, included:

● Lapsing the British/Soviet credit agreement concluded by the Labour Government in 1975, which expires on February 16.

The Government's view is that all trade should be pursued "on a basis of mutual advantage." Credit in future will be considered on a case by case basis, and would not be set at rates more favourable than the international consensus.

● On technology, discussions are taking place with Britain's allies for the tighter application of rules for controlling the transfer of sensitive technology to the Soviet Union.

● No food should be exported from the European Community to the Soviet Union, which would directly or indirectly replace supplies denied by the U.S. Britain is also to end subsidised sales of butter, meat and sugar to the Soviet Union.

● High level Ministerial contacts with the Soviet Union will be avoided. Military exchanges under consideration will be cancelled, and attempts will be made to stop cultural and other exchanges which could give an impression that nothing had changed following the invasion of Afghanistan.

● Continuing efforts will be made to have the Olympic Games removed from Moscow because of the danger of exploitation by the Russian authorities to their political advantage. The British Olympic Association has agreed to consider the Prime Minister's request for alternative sites to be found in this country, but the prospect of agreement appears slim.

The main criticism from the Tory benches was of the lack of effective action against Soviet trade. A number of MPs argued that more positive steps should be taken to stop subsidised Soviet goods entering Britain.

The Government's view was that the package represented a reasonable programme of action in the circumstances, and it was essential to gain support from Britain's allies before more positive steps were taken. There was little attempt to hide continuing disappointment at the more negative reaction from France and West Germany.

The Commons Select Committee on Foreign Affairs announced yesterday it was to launch an inquiry into the consequences of Soviet expansion for British foreign policy, including the siting of the Olympic Games, and relations with Iran, the Gulf, Pakistan and the Mediterranean. The intention is to produce a report in a matter of weeks.

Sakharov attacks invasion—Page 2
Soviets told of French disapproval—Page 2

Bullion market quietens in Europe

By David Marsh in London and John Wicker in Zurich

THE bullion market quietened yesterday, partly in response to an unprecedented move by the major Swiss banks to suspend afternoon trading. The London gold price closed at $705 an ounce, up $5 overnight.

Fluctuations in the gold price were more modest than the swings of up to $100 registered during Wednesday's frenetic trading. The market remained highly erratic, with the price moving between $685 and $735.

The banks forming the Swiss gold pool—Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse—decided to suspend trading after 12.30 pm local time to catch up with bookwork caused by the flood of business during the morning, much of it from small investors. There will also be no afternoon trading in Zurich today.

Bank officials stressed the temporary closure was for administrative reasons only. But it is also likely that the banks are deliberately allowing the market a pause in the hope of calming the market.

The Zurich move follows action earlier this week in the U.S. and West Germany to dampen speculative activity in gold and silver. In Hong Kong the Chinese Gold and Silver Society reacted yesterday to hectic trading on the local market by raising for the second time in a week the deposit needed to deal in the market.

The London spot silver price closed at $39.50 per ounce, up $2. It had moved between $39.50 and $43.50 during the day.

The foreign exchange market remained quiet. The dollar rose slightly to DM 1.7315 from Wednesday's DM 1.7295. Sterling dropped back to $2.2785 from $2.2790, with its trade weighted index up to 72.1 from 71.8.

Why gold prices make demonetisers uneasy, Page 2
Commodities, Page 31

THE LEX COLUMN

Rank squeezes the bears

The excitement in a thoroughly overheated gilt-edged market ended in tears yesterday, for everyone but the Government broker and the leading jobbers. The stags put in very large applications for the long tap, expecting to be scaled down severely; in fact they got half of what they asked for and had to pay a full point premium for it—a point of profit for those jobbers who had bought at Wednesday's tender. Distress selling ensued.

Once again brokers were put in the position of having to deal at the opening price with no time to consult their clients; not all the clients seem to have been happy to pay up.

Index fell 2.1 to 448.7

Rank Organisation

A 20p jump in the share price of the Rank Organisation to 208p seems a rather violent response to the group's 8 per cent rise in pre-tax profits to £131.2m: the market had been bearish, and indeed Rank took the trouble to lash out at "pessimistic City predictions" in its press release. There are few surprises in the contribution of Rank Xerox, of which Rank's share of pre-tax profits has improved only 4 per cent to £101.9m. Boosted by £20m of FAS 8 currency gains in the first half (of which Rank's share was £6.5m) RX saw £18m of this melt away in the second six months, though underlying profits growth excluding currency movements is said to be 10 per cent. In the non-Xerox interests, however, there has been a sharp improvement, the los of £0.7m at the half-way stage being turned into a £30m pre-tax profit for the full year.

Gains by Butlin's and a first time contribution from Leisure Caravan Parks have come through strongly in the second half, which takes in the whole of the summer season. Profits elsewhere appear mostly to have edged ahead, with a further cut in losses at Rank Radio International, though the Australian consumer durables subsidiary has dipped into the red. Yet the overall non-Xerox improvement of £5.3m is not all that impressive bearing in mind that the rights issue will have saved about that much in interest, while the issue of preference capital in Canada took part of the financing cost below the tax line. Thus earnings per share are virtually unchanged at 38.4p for a p/e ratio of 5.3.

So Rank may have a little further to go before the market takes its hopes of a "strongly rising" profits trend fully to heart. More important, Rank Xerox, despite a big rise in machine placements, is finding it hard to push up profits in a very competitive market. But there is now a reasonable yield, at 7.6 per cent, to support the share price.

Davy Corp.

Davy's figures have had an unhappy knack of falling behind expectations recently, and yesterday's interims were a particularly nasty surprise. Pre-tax profits have fallen to £4.6m from £8.5m, despite a positive contribution, net of interest costs, from McKee.

The engineering strike seems to have cost the UK manufacturing companies, not over-profitable at the best of times, around £2m. Davy has also had to make a £3m provision against losses that have suddenly turned up in a U.S. subsidiary (not partof McKee). The move into loss by the associate company A. Monk has cost another £½m.

These exceptional items explain the fall in profits well enough, but there are nagging worries about the fundamental business. There is a shortage of large new contracts, so that the lack of associated initial cash payments is hurting cash-flow, while the slack conditions in the process plant industry in general are leading to increasing pressure on margins on long-term work.

For the year as a whole, Davy may show pre-tax profits of £18m or thereabouts—more or less the 1976-77 level. Having fallen 16p yesterday to 90p, the shares are trading on almost eight times prospective fully-taxed earnings, and yield 10.8 per cent on an unchanged dividend: this may not be quite enough to give firm support.

Inchcape

After its sharp setback last year, Inchcape is well on the way to meeting its forecast of a recovery in profits to around the level of 1977-78, when it made £62.3m pre-tax. In the first half of 1979-80, profits are £8.2m higher at £31.2m, and something like £65m is feasible for the year as a whole.

Loss reduction in the Dutch commodity trading business has been worth roughly £3m so far and could add up to nearly £17m over the full twelve months. In South East Asia, a marked recovery at Inchcape Berhad has added around £3m to interim profits and Hong Kong is well up too.

There is no recovery in sight in Nigeria, and a renegotiation of the management contract for the Port of Jeddah will squeeze Middle East profits in the current six months. Then there is the impact of sterling's rise on currency translation, which has knocked out £3.3m so far. But with the Far East and South East Asia probably accounting for over half its profits, Inchcape is optimistic about continued progress through 1980.

This lies behind the relative strength of the shares in the last month or two. The gross dividend is set to rise by at least a tenth, leaving a well covered yield of 7.6 per cent at 348p.

Document on union law planned

By Gareth Griffiths, Labour Staff

THE GOVERNMENT is to publish a consultative document on the legal immunities of trade unions following a recent House of Lords decision which sanctioned sympathy "blacking" in industrial disputes.

The format of the paper will be similar to those produced in the autumn before the Employment Bill was published. Ministers want to consult interested groups, including the TUC and the CBI about the proposals, which suggests the Government is considering a separate Bill on immunities rather than rushing through an amendment to the Employment Bill.

Lord Gowrie, Minister of State for Employment, told an Institute of Personnel Management conference in London yesterday that the present state of the law was unjust. It penalised innocent and powerless third parties in disputes.

"As a result of the House of Lords judgment in the McShane case it is now clear that the law is that a union official can call any industrial action which he genuinely believes will further the dispute. The action can be at the premises of employers who are so far removed from the dispute that they have no interest in it and no means of influencing its outcome."

The McShane judgment in December decided that action by the National Union of Journalists in blacking news material at Express Newspapers was lawful. The unanimous decision by the five Law Lords has been regarded by trade unionists as a reassertion of their right to take action wherever they believe it would help win a particular dispute and goes directly against the Government's intentions on secondary picketing.

It remains to be seen whether the TUC will attach much importance to the consultation period over immunities. Trade union officials were annoyed by the Government's treatment of their suggestion over the working papers before the publication of the Employment Bill.

U.S. equipment for China

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT CARTER took steps yesterday to generate support from America's friends and allies for the tough new policy towards Russian expansionism which he outlined in his State of the Union message on Wednesday night.

Welcoming Signor Francesco Cossiga, the Italian Prime Minister, to Washington on a state visit, Mr. Carter said: "These are indeed difficult and sobering days . . . the threat to human rights from terrorism and international violence is pressure for friends to stand together."

At the same time, the Defence Department announced that the U.S. was prepared to sell to the People's Republic of China "on a case by case basis certain carefully selected items of support equipment, also suitable for military use, for example, trucks, communications gear and certain types of early warning radar."

Although the Pentagon stressed this was no departure from the official U.S. policy of not selling arms to the Chinese and although the announcement itself did not go much beyond what Dr. Harold Brown, the Defence Secretary, had said in his recent visit to Peking, its timing may be considered significant.

So, it appears, is the fact that today in London two senior U.S. diplomats, Mr. Sol Linowitz, the Middle East negotiator, and Mr. David Newsome, Under Secretary of State for Political Affairs, will confer with King Hussein of Jordan.

They will try to convince the monarch that the U.S. is pushing hard for resolution of the status of West Bank Palestinians and that the U.S., therefore, deserves the support of the Muslim world in the face of the threat from the Soviet Union's invasion of Afghanistan.

The fundamental thrust of the State of the Union message was to warn the Soviet Union that the U.S. considered the Persian Gulf area to be of vital interest and was prepared to defend its integrity with force, if necessary.

Neither the President, nor other administration officials, defined the countries in the area, claiming that the U.S. needed flexibility in the light of events.

At the same time, Mr. Carter offered Moscow the promise of continued detente if the Soviet Union shunned colonial, or aggressive, ambitions.

The speech was warmly applauded by the joint session of Congress on Wednesday night. Much of the reaction yesterday focused on his most controversial proposal—renewing registration as a possible precursor for national military service (the Draft).

Liberals, recalling the national antipathy for the Draft during the Vietnam war, were sharply critical, though Conservatives supported the President's initiative.

Mr. Carter's address, though far from a clarion call to arms, acknowledged the fact that the country had responded favourably to the perceived firmness, allied with restraint, that he has employed in the successive crises over Iran and Afghanistan.

Carter doctrine aimed at protection of oil, Page 4
● Editorial comment, Page 16

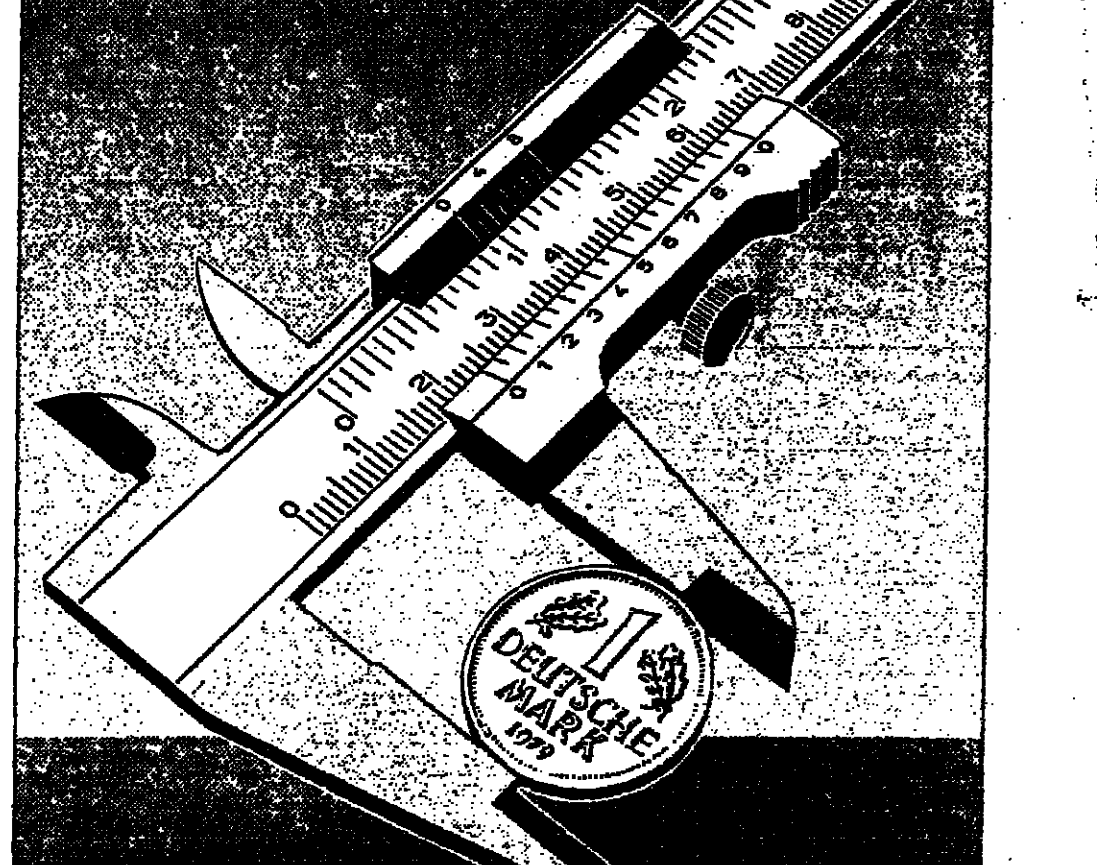
NEI chief killed

SIR JAMES Woodeson, chairman of one of the UK's biggest engineering and power plant groups, Northern Engineering Industries, died in a car crash near his home at Alnmouth, Northumberland, on Wednesday night.

A board meeting held at the company's Newcastle headquarters elected Mr. Duncan McDonald, who had been chief executive of NEI, as chairman and chief executive. No further appointments were announced.

In a statement, the NEI board said the loss of Sir James would be felt at every level in the company.

Obituary, Page 6



Algerian bid to double gas price

BY RAY DAFTER AND FRANCIS GHILES

ALGERIA is seeking to double the price of some of its natural gas export contracts in a bid to revalue the fuel in line with crude oil.

The move is seen in the energy industry as part of a concerted drive among members of the Organisation of Petroleum Exporting Countries to achieve parity of pricing between exported gas and crude oil.

Algeria, one of the oil pricing "hawks" and a leading OPEC exporter of liquefied natural gas (LNG), is reported to have told one of its major customers, Gaz de France, that the price of gas supplies will have to rise from about $3 per million British Thermal Units (BTU) to $5-$6 per million BTU. Sonatrach, the Algerian state energy company, wants its exported gas to have pricing parity with Saharan Blend crude oil, which costs $33 a barrel.

The British Gas Corporation is also involved in tough pricing negotiations with Sonatrach, which has been asked to continue supplying LNG to the UK. The Corporation's long-term import contract, amounting to an average of 100m cubic feet a day (about 2 per cent of Britain's gas needs) expires in the next few months.

Abu Dhabi, another prominent member of OPEC, is also linking the price of its exported LNG to the value of crude oil, in its case Murban crude. As a result, it is understood that the price of its gas, exported to Japan, rose from $2.36 per m BTU to over $4.70 a m BTU at the end of last year.

Most gas export contracts include a mechanism that enables prices to move in response to increases in the value of crude oil or oil products. On February 17, for instance, Canada will raise the price of gas exported by pipeline to the U.S. from $3.45 to $4.47 per m BTU.

However, gas exporters in OPEC have complained that because of historical pricing policies, natural gas is underpriced in relation to its value as a clean, highly flexible premium fuel.

International gas trade is small in comparison with the crude oil market. The equivalent of around 3m barrels of crude oil is moved daily in the international market, as against some 34m b/d of oil. However, the trade is growing, and OPEC appears determined to exercise greater pricing influence.

The negotiations between Sonatrach and Gaz de France are taking place against the background of a dramatic improvement in relations between France and its former colony. Last week's visit to Paris by Mr. Mohammed Siddik Ben Yahia, Algeria's Minister of Foreign Affairs, was most successful, with both sides emphasising that most of the problems between them—the size of the Algerian immigrant community in France and the French trade surplus with Algeria—must be solved.

But an improvement in relations would not preclude Algeria from seeking a spectacular improvement in the price France pays for Algerian LNG. Algerian leaders have long made clear that business and politics must be kept apart.

Meanwhile, Algeria is understood to have cut Gas de France's entitlement from the Skikda liquefaction plant, the second largest in the country, by 20 per cent, to encourage Gas de France and other contractors—which include companies from most Western European countries and the U.S.—to agree to an increase in prices.

● Oil prices in the spot market have fallen sharply in recent weeks. Traders report that prices for standard Middle East crude average $34 to $35 a barrel as against up to $39 at the beginning of the year. The traders say the drop as a reaction to panic buying during the last quarter of last year when some small consignments were fetching up to $45-$50 a barrel. This rush to buy oil left little storage space available. The exceptionally warm winter so far in Northern Europe has meant that the demand has been less than expected.

But Dr. Mana Saeed Oteiba, Abu Dhabi's Oil Minister, said yesterday that the continuing instability and imbalance in the oil market would force contract prices higher by the middle of this year.

Weather

UK TODAY

CLEARING after frost and freezing fog.

London, Rest of England, S.W. Scotland, N Ireland

Freezing fog, clearing later. Dry. Max. 5C (41F)

Borders, Edinburgh, Dundee, Glasgow area

Wintry showers. Snow on hills. Max. 5C (41F).

Outlook: Most parts — dry, sunny. Cold

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	59	Lisbon	R	15	59
Algiers	S	20	68	London	S	7	45
Amsdm.	C	4	39	Luxmbg	C	2	36
Athens	[illegible]	15	59	Luxor	S	19	66
Auckland	C	20	68	Madrid	F	12	54
Bahrain	C	19	66	Majorca	[illegible]	17	63
Barcelona	S	16	61	Malaga	S	17	63
Beirut	F	15	59	Malta	S	16	61
Belfast	C	4	39	M'chstr	F	6	43
Belgrd.	[illegible]	3	37	Melbne	C	18	64
Berlin	[illegible]	0	32	Mex. C	C	[illegible]	[illegible]
Biarritz	R	14	57	Milan	Fg	5	41
B'ham	S	6	43	Montreal		-15	5
Blackpool	C	6	43	Moscow	C	-10	14
Bordx.	[illegible]	12	54	Munich	R	[illegible]	[illegible]
Bristol	S	6	43	Nairobi	[illegible]	26	78
Brussels	C	4	39	Nwcastle.	F	4	39
Budpst	Fg	0	32	N. York	S	-4	25
B. Aires	S	24	75	Nice	S	19	66
Cairo	R	18	64	Nicosia	S	16	61
Cardiff	S	6	43	Oporto	C	13	55
Cas'b'ca	S	22	72	Oslo	S	-6	21
Cape T.	S	25	77	Paris	C	4	39
Chicago	Sn	-6	21	Perth	S	37	99
Cologne	C	4	39	Prague	C	2	36
Cpnhgn	C	1	34	Reykjvk.	S	-1	30
Corfu	C	14	57	Rhodes	F	13	55
Dublin	S	2	36	Rio J'o	S	27	81
Dbrvnk.	R	11	52	Rome	C	15	59
Edinbgh	C	1	34	Salzbrg	R	[illegible]	37
Faro	C	17	63	Singapr	S	31	88
Florence	F	13	55	Stckhm	Sn	-6	21
Frankft	C	4	39	Strasbg	C	[illegible]	27
Funchal	F	18	64	Sydney	S	24	75
Geneva	F	10	50	Tangier	S	21	70
Gibrltr	F	15	59	Tehran	S	[illegible]	28
Glasgow	F	1	34	Tel Aviv	C	16	61
Guernsey	C	8	46	Tenerife	C	15	59
Helsinki	Sn	-11	12	Tokyo	S	9	48
H. Kong	S	17	63	Toronto	C	-6	21
Innsbrk	[illegible]	4	39	Tunis	S	17	63
Invrnss	R	4	39	Valencia	S	20	68
I. o. Man	C	5	41	Venice	C	6	43
Istanbul	C	6	43	Vienna	C	0	32
Jersey	C	2	36	Warsaw	R	1	34
Jo'burg	C	21	70	Zurich	R	7	45
L. Pims	C	20	68				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

Gilts

on recent gilt issues in the next six weeks.

The Bank of England is likely to want to prevent these pressures producing a very sharp rise in short-term interest rates. Consequently it will probably be prepared to make further purchases of two big gilt-edged stocks which mature in March and May and to relieve liquidity by the usual money market transactions, including the purchase of bills from the banks and discount houses.

It is possible that the recall of special deposits temporarily released earlier this month might be postponed.

Continued from Page 1

Polaris

other side of the Atlantic.

The Chevaline project had involved "a very major and complex development of the missile front end" and included improvement to the fire control system.

A successful series of flight trials had already taken place.

Development was near completion. "Deployment will begin soon thereafter," Mr. Pym told MPs

Aston grouping makes MG bid

BY JOHN GRIFFITHS

A CONSORTIUM led by Aston Martin yesterday submitted to BL its formal, detailed offer for the MG sports car business.

Mr. Alan Curtis, joint managing director of Aston Martin, would give no details of how much the consortium—consisting of Aston Martin, British Car Auctions and construction group Norwest Holst—was willing to pay.

He said, "There is at present no indication of how long BL will deliberate over the matter but both BL and the consortium are aware of the need to conclude discussions as soon as possible."

BL is expected to start studying the offer today but a formal reply is not expected until next week at the earliest.

The consortium in the past has indicated that it wants to acquire the entire business, including the Abingdon plant and the MG name.

Although BL has hinted that it might allow MGs to be made under licence, it has shown a marked reluctance to part with the marque name or to dispose of the Abingdon plant.

Its marketing plans include the MG name on a sporting model, possibly a stretched, four-seater version of the Triumph TR7. Under the rationalisation plan announced by Sir Michael Edwardes in September the Abingdon plant would be used for work on the joint BL-Honda model, to make room at Cowley for quicker introduction of other models.

The consortium has said that if it were to take over the entire operation, it would maintain production of existing MG models prior to re-engineering the range.

BL admitted late last year that it was sustaining a loss of £900 on each MGB sold in the U.S. which takes about 70 per cent of output. In spite of last year's losses of about £20m on the MG operation, Mr Curtis said last night that after investigations into MG the consortium had concluded the project could be made viable.

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